VOL 5 No 10 OCTOBER 1975

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Prepared for British Information Services by
the Central Office of Information, London

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GOVERNMENT AND ADMINISTRATION

Ministerial Appointment

Mr Frank McElhone, MP, was appointed Parliamentary Under-Secretary of State at the Scottish Office on 12 September. He replaces Mr Robert Hughes who resigned from the Government in July (see p 303).

The complement of Scottish Office ministers is now as follows:

Secretary of State
Mr William Ross, MBE, MP

Ministers of State
Lord Kirkhill
Mr Bruce Millan, MP

Parliamentary Under-Secretaries of State
Mr Hugh Brown, MP
Mr Harry Ewing, MP
Mr Frank McElhone, MP

A full list of other Government ministers is set out on pp 257-61.

Recent Legislation

The following is an alphabetical list of Public Acts passed during the third quarter of 1975. Private Members' Acts are indicated by an asterisk. The dates given for the second reading refer to House of Commons *Hansard* (House of Lords where stated).

Appropriation Act 1975. Authorises the Treasury to make a sum available to the public service. Second reading: 31.7.75, col 2128. Royal Assent: 1.8.75. Ch 44, ISBN 0 10 544475 8, £1·10.

Child Benefit Act 1975 (see p 244). Second reading: 13.5.75, col 330. Royal Assent: 7.8.75. Ch 61, ISBN 0 10 546175 X, 60p.

Coal Industry Act 1975. Provides for easier access by the National Coal Board to coal reserves and for Government grants up to a total of £100 million towards compensation to pneumoconiosis sufferers. These measures are part of the Government's support for the industry as set out in the final report of the Coal industry Examination (see p 435, 1974). Second reading: 19.2.75, col 1348. Royal Assent: 1.8.75. Ch 56, ISBN 0 10 545675 6, 37p.

**Conservation of Wild Creatures and Wild Plants Act 1975.* Protects certain native wild plants and animals endangered by human activities. Second reading: 24.1.75, col 2123. Royal Assent: 1.8.75. Ch 48, ISBN 0 10 544875 3, 20p.

Criminal Jurisdiction Act 1975 (see p 88). Second reading: 19.6.75, col 1689. Royal Assent: 7.8.75. Ch 59, ISBN 0 10 545975 5, 32p.

Finance (No. 2) Act 1975 (see p 194). Second reading: 8.5.75, col 1628. Royal Assent: 1.8.75. Ch 45, ISBN 0 10 544575 4, £1·50.

**Guard Dogs Act 1975.* Regulates the keeping and use of guard dogs. Second reading: 14.2.75, col 819. Royal Assent: 1.8.75. Ch 50, ISBN 0 10 545075 8, 11p.

**International Road Haulage Permits Act 1975.* Makes it an offence to forge or alter an international road haulage permit. Second reading: 24.1.75, col 2211. Royal Assent: 1.8.75. Ch 46, ISBN 0 10 544675 0, 18p.

Limitation Act 1975. Amends the law relating to the limitation of legal actions in cases involving personal injuries. Second reading: 1.5.75 (HL), col 7. Royal Assent: 1.8.75. Ch 54, ISBN 0 10 545475 3, 20p.

**Litigants in Person (Costs and Expenses) Act 1975.* Makes further provision as to the costs or expenses recoverable by people conducting their own cases in civil proceedings. Second reading: 14.2.75, col 786. Royal Assent: 1.8.75. Ch 47, ISBN 0 10 544775 7, 6p.

Lotteries Act 1975. Makes further provision with regard to lotteries promoted on behalf of societies or as entertainments and authorises local authorities to hold lotteries. Second reading: 26.2.75, col 543. Royal Assent: 7.8.75. Ch 58, ISBN 0 10 545875 9, 20p.

**Mobile Homes Act 1975.* Adds to the protection given to mobile home residents by the Caravan Sites Act 1968, which guaranteed certain basic rights. The new Act provides for written agreements between owners of sites and occupants of mobile homes stationed on them and lays down requirements for such agreements. Second reading: 28.2.75, col 887. Royal Assent: 1.8.75. Ch 49, ISBN 0 10 544975 X, 26p.

Northern Ireland (Emergency Provisions) (Amendment) Act 1975 (see p 256). Second reading: 27.6.75, col 886. Royal Assent: 7.8.75. Ch 62, ISBN 0 10 546275 6, 28p.

Public Service Vehicles (Arrest of Offenders) Act 1975. Authorises the arrest without warrant of passengers suspected of contravening regulations of conduct in public service vehicles. Second reading: 17.6.75, col 1323. Royal Assent: 1.8.75. Ch 53, ISBN 0 10 545375 7, 6p.

Remuneration, Charges and Grants Act 1975 (see p 319). Second reading: 23.7.75, col 574. Royal Assent: 1.8.75. Ch 57, ISBN 0 10 545775 2, 18p.

Safety of Sports Grounds Act 1975. Makes provision for safety at sports grounds and other stadia. Second reading: 19.6.75, col 1743. Royal Assent: 1.8.75. Ch 52, ISBN 0 10 545275 0, 26p.

Salmon and Freshwater Fisheries Act 1975. Consolidates the Salmon and Freshwater Fisheries Act 1923 and certain other enactments relating to such fisheries. Second reading: 18.7.75, col 2021. Royal Assent: 1.8.75. Ch 51, ISBN 0 10 545175 4, 65p.

Social Security Pensions Act 1975 (see p 162). Second reading: 18.3.75, col 1486. Royal Assent: 7.8.75. Ch 60, ISBN 0 10 546075 3, £1·05.

Statutory Corporations (Financial Provisions) Act 1975 (see p 272, 1975). Second reading: 9.6.75, col 46. Royal Assent: 1.8.75. Ch 55, ISBN 0 10 545575 X, 26p.

Local Government Code of Conduct

A national code of conduct for all local councillors in England, Wales and Scotland has been agreed by central Government departments and local authority associations. It sets out the principles already governing the best practice among local authorities, and will supplement the law enacted by Parliament and standing orders made by individual authorities.

The code gives definitive guidance to councillors, and provides an explicit standard by which conduct in local government can be measured by the public. It deals, for example, with possible conflicts between public duty and private interests; the disclosure of pecuniary and other interests; the principles governing membership of council committees; the use of confidential information; and rules about gifts and hospitality.

A Government circular published on 3 October sets out the code, and recommends it to all local authorities, urging them to bring it to the attention of council and committee members.[1] The code is based on a draft which formed part of the report of the Prime Minister's Committee on Local Government Rules of Conduct, published in 1974 (see pp 206-7, 1974). Many local authorities have already taken action on the draft.

[1] *The National Code of Local Government Conduct*, Department of the Environment circular 94/75, Welsh Office circular 166/75, Scottish Development Department circular 95/75. HMSO, 20p. ISBN 0 11 750967 1.

EXTERNAL AFFAIRS AND DEFENCE

European Community

1976 COMMUNITY BUDGET

The Community's draft budget for 1976 was established on 30 September with Community ministers limiting the increase in proposed expenditure to 9 per cent and pledging that further savings would be sought before the budget's final adoption. While discussions on the draft budget, which began on 22 September, were continuing, the Prime Minister, Mr Harold Wilson, called for improved methods of controlling Community expenditure (see p 390).

Agreement on a draft budget 7 per cent smaller than that proposed by the Commission was reached by a qualified majority vote in the Council of Ministers after lengthy discussion of a request by the Federal Republic of Germany for greater cuts in proposed expenditure.

The draft budget eventually established – which has to be forwarded to the European Assembly for consideration – totals 7,474 million units of account (mua) (approximately £3,100 million). This was a reduction of 584 mua from total expenditure proposed by the Commission of 8,058 mua. Areas in which cuts were made included social fund expenditure, the regional development fund and development aid (see below). In addition to these agreed cuts, the Federal Republic pressed for a reduction of an extra 320 mua in proposed expenditure by the Community's agriculture fund (FEOGA), which last year absorbed about 70 per cent of the total budget.

The Federal Republic's request for greater savings followed a speech delivered in Cologne by the Chancellor, Herr Schmidt, on September 13 in which he spoke of 'the enormous misdirection of economic resources' consequent upon the operation of the Common Agricultural Policy (CAP), and criticised the basing of common support prices on those member states with the highest levels of inflation. Herr Schmidt made the speech against the background of continuing deadlock among Community agriculture ministers over the financial implications of a proposed solution to the dispute between France and Italy over the latter's wine exports.[1]

Although the other eight members of the Community decided not to accept the Federal Republic's request for further reductions, the Council of Ministers issued a statement holding out the possibility of additional economies.

They recorded that: 'The economic and financial situation of the member states of the Community led the Council, during the first reading of the draft budget for 1976, to seek every saving possible in the light of information available in September.' They went on to express the hope that during the subsequent budgetary procedure, account would be taken of any additional economies which might appear feasible, any changes in world economic conditions, and any improvements made in various Community policies.

1976 Draft Budget. The following is a breakdown by category of the draft budget established for 1976, Commission proposals, and the percentage change in the draft budget compared with expenditure authorised for 1975. The figures are in million units of account (mua).*

	Commission proposals	1976 draft budget	% change from 1975
Administration	360	346	+18
Agriculture	5,493	5,490	+8·8
Regional Policy	450	300	+100
Social Policy	516	414	−4·2
Research, Technology and Energy	248	136	−13
Development Aid	419	208	−28·7
TOTAL†	8,058	7,474	+8·9

* In this case, £1 = 2·4 ua.

† Includes other miscellaneous expenditure.

British Policy

The British representative at the meeting, the Chief Secretary to the Treasury, Mr Joel Barnett, expressed the view that FEOGA spending should be reduced, but that a Council considering the budget was not the forum in which to change the Community's agricultural policy itself. He said that this, like the question of financial control in general, should be a medium-term objective.

On the question of reductions in proposed expenditure on development assistance, the British Minister for Overseas Development, Mr Reg Prentice, said in a later statement that this did not indicate that Britain was no longer pressing for the

[1] On 11 September France imposed a tariff of 12 per cent on imports of Italian table wines in an attempt to support the French wine market, already depressed by insufficient demand. The Commission subsequently declared this move illegal.

extension of Community aid to the poorer developing countries who were not signatories to the Convention of Lomé. He said that he would shortly be pressing other Community development ministers to implement the decision taken in July 1974 (see p 311, 1974). 'Community ministers decided that no entry should be made in the budget until a clear decision on a programme or programmes of action has been taken', he said. 'This is entirely in accordance with normal Community procedure and in no way prejudices the outcome of the discussions in which I shall be taking part.'

CONTROL OF COMMUNITY EXPENDITURE

Prime Minister's Statement

Methods of improving financial control in the Community were examined by the Prime Minister in a statement made in Liverpool on 26 September. Mr Wilson put forward a number of ideas for discussion with other heads of Government for making scrutiny of Community expenditure comparable with that in Britain. He said that his suggestions, if adopted, could 'contribute in future years to avoiding major disagreements on the budget itself, since . . . the budget could be more widely acceptable' if member states were confident that waste and ill-considered expenditure were controlled.

The Prime Minister pointed to the three bases upon which the control of expenditure rested. These were: the application of expenditure in an efficient manner for its proper purpose within any given policy; adequate control of the implementation of policies involving expenditure; and the existence of a central authority (in Britain, the Chancellor of the Exchequer) to monitor the spending programmes of departments. After referring to the central role of the British Parliament in this process, Mr Wilson said: 'In recent discussions I have had in the Community context, I have urged, and not alone, the improvement of expenditure control so that it is fully comparable to that which is now traditional in our own country.'

On the question of detailed expenditure control, the Prime Minister welcomed the European Assembly's intention to give to a sub-committee of its Committee of Budgets functions similar to those of the British House of Commons Public Accounts Committee. By building on this resolution, the Assembly, backed by the new Court of Auditors (see p 314) 'could win for itself a central role in monitoring expenditure over the whole range of Community policies' and would be given 'a real additional job of work'.

Mr Wilson said that it would be helpful if the Assembly were also to move towards the British idea of a Select Committee on Expenditure to review the bases of the expenditure programmes themselves. 'This means that policies themselves must be called into question, on a democratic basis, to ensure that policy programmes justify the expenditure involved.'

Turning to the third basis of financial control, the Prime Minister said: 'No expenditure programme should be initiated or expanded without the authority of someone whose job it is to ensure that it has been properly costed and that there is proper provision in the Community budget. In this context the German proposal for a commissioner concerned purely with expenditure control is highly relevant.' The extension of the British system to the Community would require the appointment of accounting officers whose consent would be required for all spending by departments in the Community. The accounting officer would be subject to scrutiny by a parliamentary authority, which would have the absolute right to report on all items of expenditure 'without fear or favour'.

'I hope that there can be urgent moves towards the appointment of somebody approaching the authority of accounting officers within each department of the Commission. But they must have an authority no less great than the new commissioner in so far as he controls the spending departments.'

Mr Wilson accepted that there were complications arising from the structure and practices of the Community: expenditure made under the authority of the agricultural fund (FEOGA), for example, was undertaken by national governments with advances from the Commission. In addition, the respective responsibilities of national accounting officers and similar Commission officials in relation to a European Assembly Public Accounts Committee would have to be established. The role of Director-General in the Commission in taking decisions affecting Community income – such as those relating to rates of levy on imports and exports – would also have to be examined. These problems should be capable of solution.

Turning to the general policy of controlling expenditure, the Prime Minister pointed to the Common Agricultural Policy – 'the biggest single item as well as the most controversial, representing something like two-thirds of the total expenditure of the Community.

'There may well be greater difficulty in finding improvements in this area which will be acceptable to the various interests and institutions in the Community. But in my view these problems could be resolved given goodwill on the part of all concerned.'

EXTERNAL RELATIONS

Spain

Community foreign ministers agreed on 6 October to suspend trade negotiations with the Spanish Government following the execution in Spain of five political activists convicted of murder. They endorsed a decision by the European Commission to suspend talks aimed at extending the 1970 preferential trade agreement between Spain and the original six Community members to the three acceding countries.

The President of the Council of Ministers, the Italian Foreign Minister, Sr Rumor, said that 'at the present point negotiations between the EEC and Spain cannot be resumed'. A statement issued by foreign ministers after their meeting in Luxembourg deplored 'recent executions carried out as a result of procedures which violated the principles of the rule of law, and particularly the right to defence.

'They have noted with deep regret that the various *démarches* based on humanitarian considerations which they took both jointly and separately have not been heeded.

'They ardently hope that Spain, to whose people their people are linked by so many ties, will be spared an escalation of violence. They hope further that a democratic Spain will find her place in the concert of European nations.'

Portugal

The European Community has agreed to extend emergency aid to Portugal. Community foreign ministers offered loans of up to 150 mua at a meeting with the Portuguese Foreign Minister, Major Antunes, on 7 October in Luxembourg.

Financial assistance to Portugal was earlier made conditional on progress towards pluralistic democracy in that country, and Major Antunes said after the meeting that Community financial assistance would help Portugal re-establish its economy and produce conditions favourable for the development of democracy.

Emergency loans of up to 150 mua are to be made for investment projects through the European Investment Bank (EIB), pending the implementation of a formal financial agreement. The loans will carry an effective interest rate of some 6·5 per cent – 3 per cent lower than the normal EIB lending rate. The cost of reducing the interest payments and of guaranteeing the loans is to be borne by the Community's budget. The total cost of the aid, taking the interest concession into account, will be some 180 mua.

A joint committee is to be established to examine investment projects submitted by the Portuguese Government. In addition, Community members are to co-ordinate their bilateral aid to Portugal and for Angola refugees. Community food aid is to be granted immediately together with credit for vital goods, such as medicines.

Negotiations between the Community and Portugal for improved trade relations will begin before the end of the year.

UN General Assembly

A special session of the United Nations General Assembly (the seventh) from 1 to 16 September was followed on the latter day by the opening of the thirtieth regular session of the Assembly. The article below deals with the work of the special session on development problems and with the opening of the regular session, summarising a speech to the Assembly by the British Foreign and Commonwealth Secretary in which he reviewed the problems currently facing the United Nations.

SPECIAL SESSION

A resolution setting out a 'basis and framework' for a programme of measures to promote development and international economic co-operation was unanimously adopted on 16 September at the end of the seventh special session of the United Nations General Assembly. The special session, which had opened on 1 September, had been convened to discuss the 'major themes of the development process', and was attended by delegations from over 130 states. The British delegation was led by the Secretary of State for Foreign and Commonwealth Affairs, Mr James Callaghan.

Speaking at the end of the session, the UN Secretary-General, Dr Kurt Waldheim, declared that its deliberations had shown quite clearly that the problems of the New International Economic Order were now being tackled by all Governments at the highest level of political responsibility. Indeed, the world's attention was now more than ever focused on the problems of poverty and development, problems which dictated a new course in international relationships. The negotiation, he continued, was about change and not about a smoother management of the *status quo*. It strove to bring real improvement in the conditions of the poorer countries, to afford them a measure of economic security without which any planning was futile, to set in motion mechanisms for a more equitable distribution of the world's ever-increasing wealth, and to enhance the participation of all nations, including the weakest, in the decision-making process for shaping the world's future.

The Resolution

The resolution adopted by the Assembly was formulated in the *Ad Hoc* Committee of the special session which had been set up on 1 September to consider the question on 'development and international economic co-operation'. The committee, which was also called the 'contact group', comprised representatives from 27 developing and 24 developed nations and met under the chairmanship of the Netherlands' Minister of Development, Mr J. P. Pronk. It took as a basis for its discussions a position paper prepared by the 'group of 77' developing nations (see pp 157-9), but also considered other papers submitted to it, including one from the European Economic Community and another from the United States. The committee's members were also acquainted with a document on measures for a new economic order drawn up by the Commonwealth Group of Experts (see pp 346-7).

The resolution contains a series of proposals covering all the major issues dealt with at the special session, and calls upon the assembly to use them as 'the basis and framework for the work of the competent bodies and organisations of the United Nations system'. The following is a summary of its main points.

International Trade

The resolution sets out a number of measures to expand and diversify the trade of developing countries and to open up the markets of the developed nations to their exports on favourable terms. In particular, mention is made of the need to accelerate their export trade in manufactured goods and processed products in order to increase their share of world industrial output. Stress is also laid on curbing excessive swings in commodity markets and on ensuring stable export earnings through compensatory finance. With regard to preserving the purchasing power of developing countries, the resolution calls for the continued study by the secretariat of the UN Conference on Trade and Development (UNCTAD) of indexation schemes,

that is, the linking of the prices of raw material exports of the developing countries to the prices of manufactures imported by them.

Transfer of Resources for Development

Calling on developed countries to confirm their continued commitment to international targets for the transfer of resources to the developing countries, particularly that of 0·7 per cent of gross national product for official development assistance, the resolution urges them substantially to increase their development assistance with a view to achieving these targets by the end of the decade. It also states that such assistance should be provided on better terms than hitherto, and that financial aid should, as a rule, be untied. Other proposals include the establishment by the International Monetary Fund of a link between development aid and any new issues of special drawing rights, a substantial increase in the authorised capital of the World Bank Group (see p 400) and in the resources of other United Nations development agencies, and the holding of an international conference to examine the debt burden facing many developing nations. A number of proposals deal with the provision of aid to those countries most seriously affected by recent economic developments, including increased support for the United Nations Special Fund (see pp 157-8, 1974).

International Monetary Reform

Turning to international monetary reform, the resolution states that 'the role of national reserve currencies should be reduced and the special drawing rights should become the central reserve asset of the international monetary system'. In addition, it points out that 'arrangements for gold should be consistent with the agreed objective of reducing the role of gold in the system and with equitable distribution of new international liquidity'. Other recommendations include an increased role for developing countries in international decision making on monetary and financial matters, and the expansion and liberalisation of the IMF's compensatory financing facility for assisting countries in financial difficulty as a result of a sharp drop in export earnings. It also calls for consideration to be given to a new development security facility to help mitigate the export earnings' shortfalls of developing countries, especially the poorest.

Science and Technology

This section of the resolution contains proposals for a significant expansion of aid in support of science and technology programmes in developing countries; a study of the possibility of establishing an International Energy Institute; continued work on an international code of conduct for the transfer of technology; and the holding, in 1978 or 1979, of a United Nations conference on science and technology for development. The United Nations, it states, should have a major role in achieving these objectives, and calls for the 'appropriate' finance to facilitate this.

Industrialisation

Developed countries, the resolution recommends, should adopt policies designed to encourage the redeployment to developing countries of those of their industries which are less competitive internationally, thereby facilitating structural adjustments in their own economies and stimulating an improved utilisation of natural and human resources in the developing world. In addition, a system of consultations between developed and developing nations, and among developing countries themselves, is proposed to facilitate the implementation of the industrial development co-operation plan drawn up by the UN Industrial Development Organisation (UNIDO) in March 1975. This is aimed at bringing industrial capacity in the developing world up to 25 per cent of the world's total by the end of the century. Another recommendation is that UNIDO should be converted into a specialised agency of the United Nations.

Food and Agriculture

The resolution suggests a number of steps to increase world food production, including a substantial increase in development assistance for agriculture, easier access to foreign markets for the agricultural exports of developing countries, a stable and sufficient supply of fertilisers and other production inputs, and the provision of sufficient finance to enable the International Fund for Agricultural Development (see p 22) to begin operations before the end of the year. With regard to food aid, the resolution suggests the general acceptance of the proposals of the World Food Conference (see pp 21-3), including the adoption of a minimum food aid target and the concept of forward planning of food aid, an increase in the grant component of such aid and its channelling through multilateral bodies, and the establishment of world food grain reserves large enough to cover foreseeable major production shortfalls.

Restructuring the United Nations System

In order that the United Nations system should be 'more fully capable of dealing with problems of international economic co-operation and development in a comprehensive and effective manner', the resolution calls for the establishment of a committee of the whole Assembly to advise on the restructuring of its economic and social sectors. This, it added, should begin work immediately.

British Views

Addressing the special session on 3 September, Mr Callaghan called for the creation of a partnership between the developed and the developing nations to help bring about an improvement in the living standards of people in the developing world. Britain, he explained, supported the view that the balance between the rich and the poor countries was wrong and had to be remedied, and, with this in mind, had taken an active part in recent international discussions aimed at creating a more balanced and equitable structure of international economic relations. These had already resulted in some progress – in this context Mr Callaghan referred, *inter alia*, to the decisions of the World Food Conference (see pp 21-3), the conclusion of the Lomé Convention (see pp 51-3), the improvement in the European Community's generalised scheme of preferences (see p 140) and the new international

tin agreement (see pp 278-9) – and had demonstrated that the interests of both developed and developing countries were complementary and could best be served by co-operation and not by confrontation. They had also led to a growing realisation on the part of developed nations of the need for a programme of positive action and a greater awareness by the developing nations of what it was possible to do. Most nations, he believed, now accepted that the degree of common interest which they shared would enable them to reach agreements in a number of areas, and Britain intended to play a constructive role in seeking such agreements.

At the same time, Mr Callaghan warned that there was not yet room for too much optimism. Wide differences existed within the international community on some important issues, and the world economy was still in recession. Nevertheless, he considered that there was now a good opportunity to make progress in the following areas.

Commodities

Britain, with other members of the European Community, saw merit in a comprehensive approach to the question of commodities and shared its ideas for the principles which should govern this trade (see pp 314-15). The British Government, therefore, was ready to participate in commodity agreements whenever they could play a useful role in stabilising prices and supplies, the precise form of each arrangement to be determined by the exporters and importers concerned. Mr Callaghan drew particular attention to the need for the stabilisation of trade in such important commodities as coffee, cocoa, tea and jute, and hoped that work in the inter-governmental groups on these and other commodities would lead to concrete proposals for the improvement of trade. There was also a need, he added, for commodity agreements to be complemented by export earnings stabilisation schemes, these to be associated with the International Monetary Fund. On the other hand, Britain had doubts concerning UNCTAD's proposal for a common fund to finance commodity stockpiles, always having viewed the question of buffer stocks as one part of the complex of issues involved in approaching each commodity, and did not believe indexation to be the most effective way of helping developing countries who produced raw materials. However, it agreed that these matters should be studied further.

Regional Co-operation

An important way of increasing world prosperity, Mr Callaghan reminded the Assembly, was through the expansion of world trade. In this context, he welcomed the greater emphasis now being placed on strengthening economic co-operation between developing countries themselves. Britain was prepared to assist this process with technical support and other aid. He also commended to member states the analysis of this problem contained in the recent report by the Commonwealth Group of Experts (see pp 346-7).

Aid for the Poorest

Scarce concessional aid, Mr Callaghan urged, should be concentrated increasingly on the poorest countries and used in ways which would directly benefit the poorest sections of their population. Britain was committed to play its full part in the attack on poverty, and would do so both through international aid institutions and through its own bilateral aid programmes. In 1974 some 70 per cent of British bilateral aid was directed to countries with a per capita income of less than $200. In the future Britain intends to further concentrate its aid on the poorest, and such aid will normally be provided as grants.

Food and Rural Development

A major need at present, Mr Callaghan continued, was to increase food production in developing countries and to stimulate rural development. Britain recognised this and intended to increase the already large part of its aid programme devoted to agricultural development. It had already pledged its support for the proposed International Fund for Agricultural Development (see p 22), promised a further 100,000 tons of fertiliser to the Food and Agriculture Organisation scheme to assist the most seriously affected countries, and was well equipped to provide technical assistance to enable developing countries to make the most effective use of the resources available.

Industrial Co-operation

In addition to opening their markets to the products of developing countries, Mr Callaghan stated, the developed nations should also help them to increase their manufacturing potential. Britain was already doing this through the provision of technical and managerial assistance, training opportunities in Britain and overseas, and financial assistance of various kinds. With regard to the provision and training of managerial expertise, Mr Callaghan added, this was one of the most valuable contributions developed countries could make in view of the wide gap in technology and skills between them and the developing nations.

Structure of the United Nations

Bad organisation, Mr Callaghan reminded the Assembly, could impede and even negate good policies. Thus, at the same time as formulating policies designed to benefit the world community as a whole, and the developing countries in particular, it was important to find a structure for the United Nations system which would ensure that these policies were properly carried through. The report of the Commonwealth Group of Experts, he pointed out, contained proposals for achieving this, and he recommended that an inter-governmental committee be established to examine these.

Results of the Special Session

Summing up the achievements of the special session at a press conference on 25 September, Mr Callaghan stated that the key step forward had been the recognition by the industrialised and the developing countries of each other's problems. A much more forward attitude towards the demand of the developing countries had been shown, he added, because the Western industrialised nations had 'done their homework', and those which had always been persuaded of what was necessary had

persuaded others, which had not been convinced a year ago, of the need to meet some of the demands. Similarly, the majority in the United Nations had recognised that forcing resolutions through did not put bread into people's mouths. It was necessary to negotiate about people's interests, and the developing countries had recognised this at the special session.

THIRTIETH SESSION

The General Assembly, opening its thirtieth regular session on 16 September, elected Mr Gaston Thorn, Prime Minister and Foreign Minister of Luxembourg, as its President. The former Portuguese overseas territories of Cape Verde, Sao Tomé and Principe, and Mozambique were admitted to the United Nations, bringing the membership to 141. Applications for membership from the Democratic Republic of Vietnam (North Vietnam) and the Provisional Revolutionary Government of South Vietnam were vetoed by the United States as a result of the refusal of the Security Council to consider the application of the Republic of Korea (South Korea). The United Kingdom delegate voted in favour of admitting North and South Vietnam, but deplored the fact that the South Korean application had been blocked.

Mr Callaghan's Speech

The Secretary of State for Foreign and Commonwealth Affairs, Mr James Callaghan, addressed the General Assembly on 23 September. He began by referring to the tenacity with which the major problems cling to the agenda of the General Assembly, and said that these were a reminder of the limitations of the machinery of the United Nations to achieve a peaceful settlement of disputes unless the will was present to come to an agreement. However, in the thirtieth year of the United Nations, Mr Callaghan continued, 'At the special assembly and elsewhere the member nations have firmly committed themselves to try to bring about a world in which men and women will be more equal, by policies of constructive co-operation rather than hurling threat and counter-threat at each other. This special session of the United Nations [see p 391] was of great significance and I pledge that the United Kingdom will co-operate fully in the task ahead. While at this General Assembly we discuss the broad political questions that face us, my country will not forget the need to respond with urgency and a sense of justice to the manifest social and economic inequalities in the world today, despite the burdens that the world economic recession is imposing on the inhabitants of the advanced industrial countries. In return we ask the oil-producing countries not to impose additional burdens on our economies, for what the world needs is a period of prolonged expansion. Despite our hopes it is not yet certain that the expansion will endure but it will be set at risk if heavier burdens are thrust on those more advanced countries which must be the pace setters.'

Mr Callaghan said that in the weeks and months to come, the British Government would like to see progress in the military and political fields of potential conflict.

The Middle East

Mr Callaghan pointed out that, for the first time, Israel and one of her Arab neighbours had concluded an agreement (see pp 343-4) which was not forced upon them by military constraints, and for the first time they had jointly stated that the conflict between them should not be resolved by force but by peaceful means. Mr Callaghan expressed his admiration for the courage and statesmanship which Mr Sadat, President of Egypt, and Mr Rabin, Prime Minister of Israel, had shown in the negotiations which led up to the agreement, and paid tribute to the United States Government, in particular President Ford and Dr Kissinger, on their perseverance and skilful diplomacy. The Foreign Secretary said that the agreement which Egypt and Israel had concluded was not only to their mutual benefit, but also to the benefit of the rest of the world. There were, however, many problems outstanding, chief of which was the problem of the Palestinians.

'First, a complementary step on the Golan must be achieved, and achieved soon, to provide the proof that the latest agreement was not an end in itself but part of a continuous process leading to a comprehensive settlement. The commitment to further negotiations spelled out in this newest agreement must be fulfilled. Syria and the other Arab states need to be convinced of the benefits of peace, and that will require a further negotiating round. Following that must come the central problem of the Palestinians and the future of the West Bank. At this point, we shall be attacking the problem of a comprehensive settlement, and, for this task, a comprehensive forum, such as Geneva provides, would seem to be required. But if all the parties show the same resolution, perseverance – and not least the flexibility – that were shown in the recent negotiations, I am convinced that an ultimate solution could be reached that would ensure security for the state of Israel and justice for the Arab people.'

The new agreement between Israel and Egypt was important, not only in its practical effects, but also in its example, whereby Israel and Egypt had demonstrated to others that mutually beneficial agreements can be reached in the Middle East without sacrificing the interests of either party. It provided a new foundation on which it should be possible to build and a demonstration of the value of compromise.

Cyprus

Mr Callaghan noted with regret that the talks pursued intermittently during the last year[1] between the parties had made very little progress, 'despite the patient efforts of Dr Waldheim'. If a solution was to be acceptable to both sides it would require to deal with the settlement of the refugees, the constitutional relationships between the parts of the island, the powers of the central Government, and the nature and physical delimitation of whatever zones were agreed upon.

'A solution based on such an agenda is difficult but not impossible', he said, 'but it does mean that a

[1] See p 148. Intercommunal talks on the constitutional future of Cyprus were suspended following the declaration of a Turkish Cypriot federated state on 13 February. They resumed in Vienna from 24 April to 3 May and again from 5 to 7 June.

declaration of independence by any part of the island is ruled out. Such a declaration would perpetuate the conflict and result in continuing tension that could spread wider than the island itself.'

Mr Callaghan called upon both sides to resume their discussions and to come forward with positive proposals for a solution. Despite the lack of progress made so far in direct talks, he said, the British Government was not convinced that any different forum was likely to be more successful, and wished to see the direct talks renewed, together with the continuing presence of a mediator to assist the parties.

Southern Africa

On the question of Namibia (see pp 464-5, 1974), Mr Callaghan said that the British Government shared with the international community 'a deep concern that the inhabitants of the territory as a whole should be given the opportunity to express their views freely on their political and constitutional future'. All political groups must be allowed to take part peacefully in the process of self-determination, and above all there must be a real sense of urgency.

As a member of the UN Security Council, Britain had joined with France and the United States in making formal *démarches* to the South African Government. Some signs that the South African Government were taking a new look at their policies towards Namibia had been observed but it was clear that movement was not taking place quickly enough.

Britain had contributed to the UN fund for Namibia, to the proposed research institute for Namibia at Lusaka, to a UNICEF project to aid Namibian refugees, and was one of the largest contributors to the UN Educational and Training Programme for South Africa which includes provision for scholarships for Namibians. Britain had also provided funds to enable the South West Africa People's Organisation (SWAPO) to send students to Britain for English language training which would enable other forms of educational assistance to be given.

'In Namibia, as elsewhere in Southern Africa, we shall continue in co-operation with other countries to work for self-determination, justice, racial equality, independence and peace.'

Turning to Rhodesia (see pp 266-7) Mr Callaghan began by paying tribute to the efforts which the Presidents of Botswana, Tanzania, Mozambique and Zambia had made in the past year, in conjunction with the Prime Minister of South Africa, to promote a negotiated settlement in Rhodesia. The Foreign Secretary expressed his regret that so much effort had not yet met with greater success, though he pointed out that some progress had been made and that the first meeting between the Rhodesian regime and the African National Council (ANC) had reached agreement on a number of points. Mr Callaghan continued: 'I see two prerequisites for further progress towards a negotiated solution. First, the Europeans, and particularly Mr Smith, should realise that to rely on disunity among their political opponents as a justification for postponing essential changes is to invite disaster – as history has frequently demonstrated. Second, there must be a clear and unified leadership on the African side. That is something which the ANC must achieve.

'We believe that agreement on the change to majority rule in Rhodesia is essential if peace is to be maintained in the area. If this is not achieved there will be a long slide into armed struggle and irreparable damage will be done to the country.'

Mr Callaghan called upon both sides to resume their discussions and he urged the Presidents of Botswana, Tanzania, Mozambique and Zambia, and the South African Government, not to be discouraged by the difficulties which had arisen. He reaffirmed Britain's readiness to play its full part, but said that until a just settlement was achieved, the United Nations sanctions must continue to be effectively applied as one of the instruments for maintaining pressure on the illegal regime.

Disarmament

Reflecting on the increasing stockpiles of arms and the expenditure on them, Mr Callaghan commented on the 'boost it could give the world's hopes if all of us could agree to limit to a maximum of five per cent the amount of our gross national product we allocate for defence'. This presupposed, he said, that countries would move step by step to such a figure and would need to enter into serious multilateral negotiations with one another for reductions in their military establishments. 'That is indeed what we are doing in the negotiations that are now beginning on force reductions in central Europe. If these negotiations could be paralleled in other regions of the world it would be a hopeful beginning.'

The Foreign Secretary welcomed the steps that were being taken to control nuclear arms by the United States and the Soviet Union (see p 471, 1974). 'We look forward to a new strategic arms limitation agreement being signed before the end of this year.' However, it was 'necessary to move onwards to an actual reduction in the number of nuclear weapons and we ask both the United States and the Soviet Union to press to a successful conclusion the next round of talks on this subject in 1977.'

Commenting on the Soviet Government's proposed draft treaty[1] for a comprehensive ban on the testing of nuclear weapons, Mr Callaghan said that the United Kingdom had consistently supported this goal and wished the initiative well.

However, a new danger was arising from the 'desire of certain countries to use nuclear material for civil purposes and the increasing risk that such material may be employed for military purposes'. He elaborated on this problem with which he said the UN should concern itself immediately in addition to the work being done by the International Atomic Energy Agency. Mr Callaghan then put forward five points for consideration, that:

1 The members of the UN should solemnly affirm that each and all of them will not convert nuclear materials from civil use to military use.

2 This solemn declaration should be reinforced by agreement to accept a common system of international inspection through the International Atomic Energy Agency. There should be one set of rules for all countries in the world.

[1]The draft of an 'Agreement on the prohibition of the development and manufacture of new types of weapons of mass annihilation and of new systems of such weapons' was submitted to the General Assembly by the Foreign Minister of the Soviet Union, Mr Gromyko, on 23 September.

3 All civil nuclear materials and facilities should be brought within the common inspection system.

4 The agency should assume responsibility for inspection of enrichment and processing plants, in addition to their present task of safeguarding nuclear reactors.

5 The new set of common rules should be based on monitoring nuclear material and accounting for its use at all stages through the life of the fuel.

Britain intended to make a specific proposal along these lines to the International Atomic Energy Agency, the Secretary of State said. The proposals were intended to give practical expression to the pledges that had already been made by many Governments that they would not convert nuclear material from civil to military purposes and he hoped that the General Assembly would give support to them.

Anglo-Romanian Relations

PRIME MINISTER'S VISIT TO ROMANIA

At the invitation of the Romanian Government, the Prime Minister, Mr Harold Wilson, accompanied by Mrs Wilson, paid an official visit to Romania from 16 to 18 September. The visit was the first by a British Prime Minister to an East European country, apart from the Soviet Union, since the second world war, and the first visit by a senior British minister to an East European country since the conclusion of the Conference on Security and Co-operation in Europe (CSCE—see pp 305-12). The visit reflects the improvement in the relationship between Britain and Romania in recent years and the wide range of contacts that has developed between the two countries. Mr Roy Mason, Secretary of State for Defence, visited Romania in April 1975, and the President of Romania, Mr Nicolae Ceausescu, made a brief transit stop in London on 12 June, when he met Mr Wilson.

The Prime Minister began his visit with a two-hour private discussion with Mr Ceausescu. Among the subjects touched upon were the positive steps that could be taken following the CSCE, the Middle East, Cyprus, the situations in Spain and Portugal, and some bilateral matters. Later, the two leaders were joined by their officials and the discussion turned to industrial co-operation, increasing bilateral trade and joint ventures in trading with third countries, and co-operation in nuclear power projects. On the last day of Mr Wilson's visit, four agreements were signed: on co-operation for the peaceful uses of atomic energy; on double taxation; on long-term economic, industrial and technological co-operation; and a joint declaration covering a wide range of subjects on which they found an acceptable area of common ground.

The main points of the joint communiqué, issued at the end of the Prime Minister's visit, are summarised as follows.

Bilateral Relations

The talks were conducted in a warm and friendly atmosphere and gave both sides the opportunity for a full exchange of views on the development of Anglo-Romanian relations and on current international questions. As an expression of the good relationship established between the two countries, President Ceausescu and Mr Wilson signed a joint declaration. It was agreed that increased co-operation was in accordance with the interests of both peoples and the cause of international peace and co-operation. Both sides agreed to intensify political contacts and consultations at all levels and to develop further their relationship in areas of mutual interest.

Economic Relations

Recognising the important role of economic collaboration between the two countries in strengthening friendship, the two sides resolved to make sustained efforts to increase substantially the volume of trade exchanges on the basis of mutual advantage. In order to take fuller advantage of the economic opportunities which exist in both countries, the two sides decided to work towards raising by 1980 the annual volume of two-way trade by two-and-a-half times compared with the level achieved in 1974.

The two sides noted with satisfaction the increasing contacts between Romanian enterprises and British firms and welcomed the conclusion of important contracts which provide for co-operation in the fields of aviation, diesel electric locomotives and chemicals for agriculture. They looked forward to an early conclusion to negotiations already in progress on joint ventures in equipment for nuclear power stations and laboratories, equipment for the oil and petrochemical industries and other fields, and agreed to examine constructively the possibilities of new co-operation in production. Both sides agreed to examine the possibilities of further scientific and industrial co-operation in agriculture.

Wishing to create a stronger framework for bilateral co-operation, the Romanian Prime Minister, Mr Manea Manescu, and Mr Wilson signed the long-term agreement on economic collaboration and industrial and technological co-operation. They also signed agreements on avoiding double taxation of incomes, and on collaboration in the field of the utilisation of nuclear energy for peaceful purposes.

President Ceausescu and Mr Wilson approved an *aide-mémoire* concerning the settlement of certain British financial claims, setting out the basis for the early negotiation of an agreement for full and final settlement of the claims in question.

International Questions

In considering current international issues of mutual concern, the two sides noted with satisfaction favourable changes in the international situation which have contributed to the process of *détente* and to increased co-operation between states. Both sides underlined the importance they attached to the process of strengthening security and developing co-operation in Europe and reaffirmed their commitment to implement the provisions of the Final Act of the Conference on Security and Co-operation in Europe.

The two sides agreed on the need for an early, just and durable settlement of the situation in Cyprus based on respect for the independence, sovereignty and territorial integrity of the Republic of Cyprus.

With regard to the situation in the Middle East, the two sides, while welcoming the recent agreement concluded between Egypt and Israel as a new and positive step, expressed their concern about the state of tension persisting in that part of the world and underlined the need for further progress towards the achievement of a just and lasting settlement in the region.

The two sides expressed their concern at the gap between the developed and developing countries, acknowledged the efforts being made internationally to reduce it and emphasised the need to build a new international economic order which should have as a major goal real progress towards a more just and equitable structure of international economic relations. They noted with satisfaction the successful outcome of the Seventh Special Session of the United Nations General Assembly on development and international economic co-operation (see pp 391-4).

Shorter Notes

PAPUA NEW GUINEA

On 16 September 1975, Papua New Guinea attained independence and became the thirty-fifth member of the Commonwealth. At the celebrations in Port Moresby, the Prince of Wales represented the Queen, who remains the Head of State. The Australian Government, which formerly administered the territory, was represented by the Prime Minister, Mr Gough Whitlam.

Situated 160 km north of Australia, Papua New Guinea comprises the eastern half of the island of New Guinea and numerous other islands – some 600 in all – with a total land area of 465,400 km². The population is approximately 2·5 million. The country has rich natural resources of copper and timber, and potential hydro-electric power.

Australia took over from Britain responsibility for the territory of Papua in 1906, and, after the first world war, was entrusted by the League of Nations with the administration of the former German territory of New Guinea. The United Nations subsequently renewed the Australian mandate in New Guinea, which was administered as a trust territory according to the UN Trusteeship Agreement of 1946. In 1949, the territories of Papua and New Guinea were joined in an administrative union. A House of Assembly, with a majority of elected members, was established in 1964 and Papua New Guinea attained full internal self-government on 1 December 1973. The independence constitution was subsequently determined by the House of Assembly, sitting as a Constituent Assembly.

Britain is at present operating a programme of technical assistance to Papua New Guinea at a cost of £50,000 a year. Under this programme, British experts are supplied to study the country's development needs, and training facilities are provided in Britain for citizens of Papua New Guinea. The British Government has also contributed towards the cost of British volunteers working in Papua New Guinea, mainly in the educational sector. In addition, there has been considerable British private investment in development projects.

THE GILBERT AND ELLICE ISLANDS

On 1 October 1975, the Ellice Islands were separated from the Gilbert and Ellice Islands Colony to form a new dependent territory named Tuvalu. The remainder of the former colony – the Gilbert Islands, Ocean Island, the Phoenix Islands and the Line Islands – is now known as the Gilbert Islands.

Situated in the south-west Pacific, the Gilbert and Ellice Islands colony had a land area of 839·156 km² scattered over some 5·2 million km² of ocean. In 1973, the population of the Ellice Islands was some 6,000 and that of the rest of the colony approximately 52,000. A ministerial system of government, with a House of Assembly and a Council of Ministers, was introduced in the colony in 1974. In November 1972, the British Government appointed a commission to study the future relationship of the Gilbert and Ellice Islands. On the commission's recommendation, a referendum, observed by a United Nations' mission, was held in the Ellice Islands in the summer of 1974. It resulted in an overwhelming vote for separation.

Tuvalu's system of government will consist of a Cabinet and Legislative Council and a British Commissioner directly responsible to the Secretary of State for Foreign and Commonwealth Affairs. The Chief Minister of the new territory – Mr Toalipi Lauti – was elected on 2 October. At the beginning of 1976, the administrative headquarters of the territory will be established in the new capital on Funafuti, the principal island in the Ellice group. Until then, Tuvalu and the Gilbert Islands will share a common administration based on Tarawa, the capital of the former colony.

In 1974, British aid to the Gilbert and Ellice Islands Colony amounted to £2,141,000. This included a survey and feasibility study carried out by a team of three British experts for the improvement and development of reef passages between the islands and lagoons in the colony. British aid funds were also used to support the colony's Development Plan for the years 1973-76, which includes schemes for the promotion of the fishing and copra industries, the development of inter-island communications and improvements to the social services. In 1972, when the island of Funafuti was severely damaged by Hurricane Bebe, Britain made an immediate cash contribution of £10,000 for emergency relief and later provided further aid for reconstruction and rehabilitation.

ECONOMIC AND SCIENTIFIC AFFAIRS

International Monetary Fund

The thirtieth joint annual meeting of the governors of the International Monetary Fund (IMF) and World Bank Group[1] (see p 400) which was held in Washington from 1–5 September, was marked by consideration of national policies for dealing with the present world economic recession; by discussion of plans to help non-oil-producing developing countries to cope with the drastic decline in their export earnings; and by substantial progress toward international monetary reform. These developments are summarised in the annual meetings issue of *IMF Survey*.

WORLD ECONOMY

The speeches of the IMF and World Bank governors at the joint meeting revealed a heightened appreciation of the pervasive interdependence of national economies. The intensification of world economic ties, many agreed, had given the major industrial countries a preponderant role in determining the scope and timing of world economic recovery.

While the continuing debate on the need for reflation in the pace-setting industrial nations revealed differences among some governors concerning the degree of reflation, there was increasing evidence that a mood of cautious optimism and conciliation had begun to develop. Several major industrial countries, which had seemingly been looking to each other for initiatives to spur economic revival, had recently announced new expansionary policies. Moreover, the persistence of the worst economic slump since the 1930s was expected to create additional pressures for expansionary initiatives, since many countries, in the opinion of some governors, were now in a position to stimulate renewed growth without undue risk of further inflation. All insisted, however, that caution would be needed to avoid rekindling inflation.

The call by developing countries and by some small industrial nations for reflation in the major industrial areas of the world had been sounded in a climate of economic recession characterised by some 15 million unemployed in the 24 member states of the Organisation for Economic Co-operation and Development. Although it was widely recognised that economic recovery was under way in the United States, it threatened to fall almost a year behind schedule in other industrial nations. The growth of real gross national product in the European Economic Community (EEC) had slowed from nearly 6 per cent in 1973 to less than 2 per cent in 1974, and was expected to show a decline in 1975.

Debate on Reflation

Some governors expressed concern that the reflationary measures undertaken or planned in the biggest economies would not yield significant results until well into 1976, while others maintained that even these steps were inadequate and that the upturn, when it came, risked being feeble and short-lived.

In his address to the opening session, the managing director of the IMF, Mr Johannes Witteveen, called upon the Federal Republic of Germany, Japan, and the United States to follow economic policies that would lead the world out of recession. He noted that 'overall, without further measures, the industrial world might be expected to show an early but modest revival of economic growth that, by mid-1976, will not have made any significant dent in the substantial degree of economic slack now prevalent in most industrial countries'. Since the problems of recession, inflation, external adjustment, and financing were worldwide in scope, he added that any revival of world trade and activity could be set in motion only through the impetus of domestic demand expansion in individual countries. The question thus arose as to which countries were in the best position to undertake such expansion so as to promote world economic recovery and to assist the international adjustment process. Mr Witteveen said that in any co-ordinated international approach, countries with a relatively strong balance of payments position and with relative success in bringing down inflation should take measures to assure a solid and sustained recovery of their domestic economies. This would be helpful to other countries through the stimulus imparted to their exports. On the other hand, countries with a relatively weak balance of payments position and/or a particularly high rate of inflation should put the primary emphasis of economic policy on those problems, and must be particularly cautious and restrained in adopting measures of demand expansion.

The managing director said that in the group of relatively strong countries the main focus of atten-

[1] See pp 347-9 for a summary of the speech given by the Chancellor of the Exchequer to the meeting.

tion was on the domestic demand policies of the United States, the Federal Republic of Germany, and Japan. These countries were very important in the world economy. They were in relatively favourable balance of payments positions, had made considerable progress in reducing inflation, and had large amounts of economic slack. It would not be reasonable to expect these countries to push expansionary measures to the point of incurring undue risks with respect to inflation. But it was reasonable – indeed, necessary – to ask these three countries to conduct their demand policies so as to take particular account of the international recession and of the serious constraints felt by many other countries in pursuing an expansionary course.

The chairman of the annual meeting, Senor Gumersindo Rodriguez, Venezuela's Minister of State in charge of Co-ordination and Planning, joined Mr Witteveen in appealing in his opening address for economic expansion in the industrial world. He said that excessively deflationary programmes in the industrialised countries in 1974 had inevitably aggravated the balance of payments difficulties of the developing countries. He called for the implementation of an appropriate expansionary policy in the industrial countries to promote the quickest possible recovery of the depressed Third World economies.

Speaking for the EEC as well as for his own country, Italy's Minister of the Treasury, Signor Emilio Colomgo, told the meeting that the members of the Community had decided at their meeting on 24 August in Venice to pursue a co-ordinated policy to sustain economic activity, to combat inflation, and to improve the prospects for growth in the longer term. In addition to those measures which had already been taken in a Community framework by certain member states, further reflationary measures would be taken by those countries where the rate of inflation, the current account balance of payments situation, and the state of the public finance rendered this possible. The governments concerned would shortly announce the measures that they proposed to take within the framework of this overall common plan. Signor Colombo said that given the close relations which existed between the economies of the Community countries and those of the other industrialised nations, the economic and finance ministers of the Community countries urged their partners to support the measures undertaken by the Community. He observed that the participants in the Community's Venice conference were very conscious of the special difficulties facing the developing countries and were convinced that in order to resolve those difficulties it would be necessary not only to bring about a successful revival of economic activity in the industrialised world as a whole but also to take specific measures within an international framework in order to protect the purchasing power of the developing countries.

Development Crisis

The meeting focused, among several major areas, on the critical and inter-related problems that faced the developing members of the IMF and World Bank. The near-desperate plight of the countries most seriously affected by the world recession received special attention, and governors for both industrial and developing countries discussed the urgency of the problems encountered, and called for a variety of bolder solutions in fields such as balance of payments and development aid. Many speakers stressed the need for a new and more equitable world economic order.

The discussions took place against the background of the recent annual reports of the World Bank (see p 401) and the IMF which outlined the magnitude of the developing world's difficulties. Whereas they had been cushioned to some extent from the world economic crisis in 1974, the non-oil-producing less-developed primary-producing countries were expected to feel its full impact in the next two years (see p 348), and their combined current account deficit was projected by the IMF to reach $35,000 million in 1975. For the more developed primary producers, the estimated 1975 deficit was $12,000 million. The discussion of the intergovernmental Group of 24 on International Monetary Affairs, the Interim Committee of the IMF's Board of Governors (see below) and the joint World Bank/IMF Development Committee all reflected the heightened concern over the difficulties that developing countries faced.

Reporting to the governors, the chairman of the Development Committee, Mr Henri Konan Bédié, Minister of Economy and Finance for the Ivory Coast, noted that 'the discussions on monetary and development problems have revealed a concern common to all – rich and poor – regarding the problems associated with the adjustment policies to be adopted', and warned that the developing countries had sombre growth prospects for the next five to ten years.

INTERNATIONAL MONETARY REFORM

The then Canadian Finance Minister, Mr John N. Turner, chairman of the Interim Committee (see p 434, 1974 and pp 62-3), reported progress on a number of outstanding topics. Under the Sixth General Review of Quotas it had been agreed that the total of present quotas should be increased by 32·5 per cent and rounded up to SDR 39,000 million.[1] The committee had also agreed on a principle according to which the quotas of major oil-exporting countries would be substantially increased by doubling their share as a group in the enlarged IMF, and the collective share of all other developing countries would not be allowed to fall below its present level. The serious difficulties concerning the distribution among the individual quotas of the industrial countries of the reduction in their total share had been resolved. Mr Turner said that the progress made on quotas would enable the IMF to meet the needs of its members on a more adequate scale. The IMF was aware of the serious needs of many members. If the IMF could not give prompt, adequate, and effective assistance to its members, it would be failing in its duty to them and would be less capable of exercising a beneficial influence in the efforts to attain a better international monetary system. In this connection, the committee

[1] Special Drawing Right, an international asset issued by the IMF (see p 268, 1974).

had agreed that the next general review of quotas would be held after three years and not five years.

Agreement had been reached on certain other important aspects of the Sixth General Review. It had been agreed that there would be an amendment of the Articles of Agreement under which, for increases in quota proposed as a result of the current review, members would have an option to pay that proportion of the increase formerly payable in gold, in SDRs, the currencies of other members – subject to their concurrence – or in the member's own currency without an obligation of repurchase.

The liquidity of the IMF would be considerably increased by amendments that would provide for the effective use, in accordance with appropriate economic criteria, of the IMF's holdings of all currencies in its operations and transactions.

Gold

Mr Turner said that the committee had agreed that the role of the SDR would be enhanced as the central asset in the international monetary system, with a consequent reduction in the role of gold. To give effect to this understanding, it was agreed that the official price of gold would be abolished. Moreover, there would be no obligations under the Articles of Agreement requiring the use of gold in transactions between members and the IMF. However, it would be possible for the IMF to accept gold in transactions by agreement with members provided that decisions were taken by an 85 per cent majority to enter into such transactions.

The committee had noted that the countries in the Group of Ten (see p 269, 1974 footnote) had agreed to observe certain constraints on their future freedom of action in order to give effect to the basic principles accepted by the committee with respect to the future role of gold in the international monetary system. These arrangements included understandings that there would be no action to peg the price of gold, that the total stock of gold held by the IMF and the Group of Ten would not be increased, and that these arrangements would be reviewed after two years. It had been agreed that other members might adhere to these arrangements and that when they did so the necessary modifications would be made in them.

The committee had also discussed the mobilisation of the IMF's gold for the benefit of members. It had been agreed that one-sixth of the IMF's gold, amounting to 25 million ounces, would be sold for the benefit of developing countries in order to provide them with additional resources. A proportion of the profits deriving from these sales properly attributable to developing countries would be transferred directly to them. It had been further agreed that another one-sixth of the IMF's gold would be restored to all members at the present official price. Finally, it was understood that the rest of the IMF's gold would be subject to provisions in the amended Articles that would create enabling powers exercisable by an 85 per cent majority of the total voting strength.

The executive directors had been studying the most appropriate way in which the profits from the sale of gold for the benefit of developing countries could be utilised. In this connection they had been examining the establishment of a trust fund. The committee had endorsed these studies and requested the executive directors to proceed with them without neglecting the consideration of other possible sources of financing.

Exchange Rate System

Mr Turner reported that important differences of view remained on the exchange rate system of the future. A formula had been found which referred to stable but adjustable par values and the floating of currencies in particular situations, subject to appropriate rules and surveillance of the IMF. It had not yet been possible to agree on the precise form of draft amendments, even though there was widespread agreement that members should have a basic obligation to collaborate with the IMF in the interest of exchange stability, orderly exchange arrangements, and adjustment. Members of the committee had expressed their determination to resolve the main outstanding issues involving the exchange rate system, so that amendments could be proposed at the same time as the amendments on other issues.

[Agreement on exchange rates, which is the aim of the Interim Committee's fifth meeting in Jamaica, in January 1976, will essentially complete the initial package of amendments of the IMF's Articles of Agreement. The package could shortly thereafter be submitted to IMF governors for a mail vote, and then to national legislators for ratification.]

World Bank Group

PRESIDENT'S ADDRESS

In a speech to the board of governors of the World Bank Group in Washington on 1 September, the President of the World Bank, Mr Robert McNamara, drew attention to the urgent need of developing countries for increased flows of foreign exchange, both from exports and from external capital, to offset the adverse effects of recent developments in the world economy. In the light of this, he called upon the developed nations to re-examine their concessionary aid programmes, and outlined steps the World Bank Group was taking to expand its aid to developing countries.

The developing nations, Mr McNamara stated, were confronting a foreign exchange crisis. It was a crisis compounded of all the turbulent economic events of the past few years – persistent world-wide inflation, the surge in the cost of oil, the deterioration in their terms of trade, and the prolonged recession in the developed world – and, unless corrective action was taken, the cumulative effect of these factors would be to bring the economic progress of many of these nations virtually to a halt. For the poorest countries, those with per capita incomes of less than $200, the situation was particularly grave. In 1974, per capita incomes of the 1,000 million people living in these nations declined on average by 0·5 per cent. For the hundreds of millions of them already seriously deprived, this meant hunger, illness, and an erosion of hope.

It was clear, therefore, Mr McNamara continued, that at such a time additional efforts to mobilise internal resources and greater efficiency in the use of these resources were critically important, and the governments of developing countries would have to give high priority to these actions. The fact remained, however, that they desperately needed additional imports to start their economies moving again. The foreign exchange to finance these imports could come only from greater official and private external flows, and increased export earnings.

In the past year, Mr McNamara explained, the World Bank Group had resolved on a number of steps to assist the developing nations. Firstly, it had decided to expand its lending programme both in nominal and in real terms to the maximum level consistent with its capital structure, the availability of funds, and the creditworthiness of its borrowers. It was proposed, therefore, that the total programme for fiscal 1976-80 should approximate $40,000 million, an increase in real terms of 58 per cent over the period fiscal 1971-75 and of 153 per cent over fiscal 1966-70. This represented the largest programme of financial and technical assistance ever undertaken by a single agency. Nevertheless, it fell far short of meeting the capital needs of the developing countries. As an interim measure, therefore, to help the lower-income developing countries, a new lending facility had been formed within the World Bank to provide funds at concessional interest rates mid-way between the loans of the International Bank for Reconstruction and Development (IBRD) and the credits of the International Development Association (IDA). This facility, known as the Third Window, would begin operations in fiscal 1976 with initial funds of $500 million. This, he hoped, would later be raised to $1,000 million.

The Third Window facility was at best an emergency measure, Mr McNamara explained, and in no way a substitute for the operations of the IDA. And because the capital requirements of the poorer countries had now become so critical, it was imperative that negotiations for a substantially increased IDA replenishment should begin before the end of the year. He called on member governments, therefore, to move decisively and generously so that the fifth IDA replenishment could be established at a level sufficient both to offset fully the effects of inflation, and to provide an appropriate measure of real growth. It should, he added, be supported by the traditional donors, and by those additional countries which, since the last replenishment, had benefited from major increases to their national incomes and foreign exchange reserves.

Other measures which the bank was considering, Mr McNamara concluded, included a proposal for a selective increase in the bank's subscribed capital and in paid-in capital. This would make provision for additional increases in the capital subscription of OPEC countries to reflect their increased economic and financial strength. The World Bank was also considering ways of increasing the resources of the International Finance Corporation (IFC) whose catalytic role in mobilising additional private investment in developing countries took on an even greater importance in a period of capital shortage.

ANNUAL REPORTS

The annual report of the IBRD and IDA for fiscal 1975 (1 July 1974 to 30 June 1975) was published in August, as was that of the IFC. These show that development finance commitments by the three institutions in fiscal 1975 totalled $6,108 million, more than in any previous year and $1,591 million more than in fiscal 1974. Of the total, $4,319·7 million took the form of 122 IBRD loans to 51 countries, $1,576·2 million consisted of 68 IDA credits to 35 countries, and $211·7 million represented 32 investments in 20 countries by the IFC. In addition, the IBRD made a loan of $50 million to the IFC. Actual IBRD/IDA disbursements during the year increased by $977 million to total a record $3,021 million.

In real terms, IBRD commitments in the year rose by 25 per cent over fiscal 1974, while those of the IDA rose by 34 per cent. The latter was due largely to the additional resources made available under the terms of the fourth replenishment which had come into effect in January 1975. These resources amount to approximately $4,500 million over the three-year period 1975-77 (Britain's contribution to this amounts to nearly £141 million).

The operations of the IBRD/IDA are summarised in Tables 1 and 2. During the year, both institutions continued to expand their assistance to the poorest developing countries, these accounting for 38 per cent of total IBRD/IDA commitments as opposed to 31 per cent in fiscal 1974. In the case of the IDA

Table 1

IBRD/IDA lending by Sector in Fiscal 1975

$ million

	IBRD	IDA	Total
Agriculture	1,221·5	636·1	1,857·5
Development Finance Companies	469·5	34·5	504·0
Education	126·7	97·1	223·8
Electric Power	475·7	28·0	503·7
Industry	665·3	125·0	790·3
Telecommunications	96·0	103·0	199·0
Transportation	815·8	172·9	988·7
Water Supply and Sewerage	128·0	17·1	145·1
Miscellaneous	321·2	362·5	683·7
Total	4,319·7	1,576·2	5,895·8

Table 2

IBRD/IDA lending by Region in Fiscal 1973-75

$ million

	1973	1974	1975
Eastern Africa	341·9	408·4	656·4
Western Africa	176·6	281·7	424·2
East Asia and Pacific	546·5	703·9	976·4
South Asia	745·6	657·9	1,189·6
Europe, Middle East and North Africa	832·5	1,321·5	1,434·2
Latin America and the Caribbean	684·9	932·2	1,215·0

alone, these countries accounted for 84 per cent of commitments. Agriculture was the most supported sector, constituting 32 per cent of all commitments, and more than half of this – nearly $1,000 million – was committed to rural development projects designed specifically to increase the productivity of the rural poor. In addition, about $80 million was committed for nine education projects aimed at increasing skills in rural areas, and about $130 million for the construction of rural roads. Thus, in fiscal 1975, the IBRD and IDA committed over $1,000 million specifically to aid the rural poor, more than twice the fiscal 1974 figure of less than $500 million.

Of the IFC's total investments, $87·4 million was provided for the establishment of new enterprises (16 projects) and $114·25 million for the expansion and modernisation of existing concerns (12 projects). The main sectors supported were iron and steel ($48 million), chemicals and petro-chemicals ($32·3 million), development financing ($26·6 million), and general manufacturing ($24·2 million). Other sectors aided included cement and construction materials, textiles and fibres, mining, tourism and fertilisers.

A principal object of the IFC is to act as a catalyst by which other funds, local and foreign, may be obtained to support projects in which the IFC itself is investing. Thus in fiscal 1975, concurrently with its own total investment of $211·7 million, other investors committed $1,096 million in the same enterprises. Taking into account $98 million to be financed by cash generation, the cost of the projects to which these commitments were made totalled $1,046 million.

Commonwealth Development Finance Company

ANNUAL REPORT

The work of the Commonwealth Development Finance Company (CDFC) in 1974-75, the company's twenty-second year of operation, is reviewed in its annual report[1] published in July. The main effort during the year was in consolidating existing investments, to which all but three of its new commitments were made, in the form of additional finance. The consolidation follows from a review of company policy in the light of international economic conditions, which identified as one necessary objective a reduction in number and an increase in average size of the company's investments. The total of the group's development investments at 31 March 1975 was £33·84 million, the highest so far.

The CDFC is a private enterprise institution. Established in 1953 and based in London, its aim is to support commercial enterprise overseas, which will benefit local economies, by providing finance in the form of share capital and loans. Although it operates mainly in Commonwealth countries, the company's activities are not confined to the Commonwealth. Its shares are held by a number of industrial, shipping, mining and banking companies with extensive interests in the Commonwealth and elsewhere overseas, as well as by the Bank of England and certain other Commonwealth and overseas central banks. The company is financed by an issued share capital of £7·329 million (14·59 million 'A' Ordinary shares of £1 each, 10p paid, and 11·74 million 'B' Ordinary shares of £1 each, 50p paid) and by extensive borrowings. It has issued debentures to the value of almost £16 million.

The CDFC has the following subsidiaries (excluding trading subsidiaries) : CDFC Australia Ltd (which controls two financial subsidiaries) ; CDFC (Ceylon) Ltd; CDFC Holdings Ltd in Canada; CDFC (Malaysia) Ltd; CDFC New Guinea Pty Ltd; ComRoy Ltd in Norfolk Island; Development Finance International Ltd in Bermuda; and CDFC International Ltd in London.

Results and Operations

The report gives details of investments and commitments by the CDFC and its subsidiaries in 39 countries including Britain. At 31 March 1975 there were investments in twenty categories of enterprise, ranging from building services, engineering, forestry, agriculture and processing to hotels, mining, public utilities and textiles. Geographically, 33·6 per cent by value of all investments were in Asia, 22·2 per cent in Australasia, 20·2 per cent in the Caribbean and Canada, 15·7 per cent in Africa and 8·3 per cent in Europe including Britain. New commitments made by the group during the year totalled £5·8 million, in twelve countries.

In its trading operations the CDFC made a loss (after tax) of £1,130,422, after making considerable provision, of £1,414,220, against losses on investments.

[1] *Commonwealth Development Finance Company Ltd, 1975* (available free from CDFC, London).

OPEC Ministerial Meeting

A 10 per cent increase in oil prices was agreed by the 13 members of the Organisation of Petroleum Exporting Countries (OPEC)[1] during their ministerial meeting in Vienna from 23 to 27 September. No further increases, however, are to be made before the end of June 1976.

The price of Saudi Arabian light – a 'marker' crude traditionally used as the basis for pricing other countries' oil – was increased from $10·46 to $11·51 a barrel with effect from 1 October. The increase relates to the price paid by the oil companies for the 'buyback' oil sold to them by the host government.

OPEC Ministers, however, reached no agreement on the pricing differentials for other member countries' oil enjoying gravity, sulphur or freight advantages. For the time being individual producers are free to fix their own prices in accordance with demand or revenue requirements.

The decision to increase oil prices will add an

[1] Abu Dhabi, Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, Venezuela.

estimated £350 million to the annual cost of British imports. For the European Community as a whole the cost of total imports is likely to rise in 1976 by an estimated $4,000 million.

The posted prices of OPEC oil – that is, the basis on which taxes and royalties are levied – were last formally increased in December 1973, to some 400 per cent above their level at the beginning of the previous October. However, since then the cost of oil produced in a number of OPEC countries has risen as tax and royalty rates have been increased and as the ownership of oil produced has moved increasingly towards the host governments under participation agreements.

National Income and Expenditure

The National Income and Expenditure 'Blue Book'[1] containing statistics of national income, expenditure and output for the years 1964 to 1974, with some figures going back to 1953,[2] was published on 5 September.

Prepared annually by the Central Statistical Office, the Blue Book is the standard work of reference for detailed information about Britain's national accounts, providing data about the main aspects of the country's economic activity such as production, consumption, incomes, saving, investment and financing.

The present volume contains several new tables and additional series. For example, estimates of real national disposable income (see pp 80-1) are published for the first time (they refer to the years 1953 onwards), and a number of income and saving aggregates are presented both before and after providing for depreciation and stock appreciation, in order to show more clearly how these figures have been affected by the relatively high rates of inflation in recent years. There are also estimates of the distribution of personal incomes for the income tax year 1972-73.

Among developments reflected in the figures for 1974 are relatively large increases in the savings ratio[3] and in the share of wages and salaries in total income, little change in gross domestic product – GDP[4] – in real terms, a 4·5 per cent decrease in real national disposable income due mainly to a deterioration in the terms of trade, and a nearly 7 per cent increase in the volume of exports, with very little change in import volume.

Gross National Product

In 1974 Britain's gross national product (the total income of residents) was £74,000 million. The average per head of population was £1,319 compared with £1,148 in 1973. However, virtually the whole of this rise came from a substantial increase in pay and prices, and there was very little increase in the volume of output. On the basis of estimates calculated at 1970 prices, the increase in real terms in gross domestic product between 1973 and 1974, measured by the average of income, expenditure and output data, was under 0·5 per cent, well below the longer-term average rate of growth (2·5 per cent between 1964 and 1973).

Between 1973 and 1974 the terms of trade deteriorated sharply, reflecting mainly the large increase in the prices of imported oil and other commodities and the lower exchange value of sterling, and gross national disposable income at constant market prices (the volume of goods and services available to the nation from its gross disposable income[1]) fell by nearly 4·5 per cent. This was the only year in which real national disposable income fell over the whole period from 1953 to 1974.

The increase in domestic pay and prices (total home costs) was over 14 per cent between 1973 and 1974, well above the average annual rise of 4·5 per cent over the period 1953 to 1973, while the price index of goods and services sold on the home market increased by 18 per cent. The import price index rose particularly sharply, by nearly 44 per cent, between 1973 and 1974, partly reflecting the large rise in oil prices in the early part of 1974. There was also a large increase of over 23 per cent in export prices.

Expenditure

Percentage changes in the main components of expenditure between 1964 and 1974 are shown in Table 1 at both current and constant prices. The table shows that the larger increases in expenditure at current prices in the most recent years were mainly due to pay and price rises, as the increases are much smaller when measured at constant prices. The large rises at current prices in imports in 1973 and 1974 reflect increases in commodity prices, particularly the price of crude oil. In real terms there was a moderate increase of 1 per cent in the expenditure-based measure of gross domestic product between 1973 and 1974. The only expenditure components exceeding this rate of increase were exports and public authorities' current expenditure on goods and services.[5]

Factor Incomes

Total domestic income (before deducting depreciation and stock appreciation) rose by 18 per cent in 1974, a slightly greater rise than between the previous two years, and substantially above the rates of increase in earlier periods. Income from employment, which is the major component, rose by over 20 per cent in 1974, while gross trading profits of companies rose more moderately, by 11·5 per cent. This last rise was more than accounted for by an increase in stock appreciation (see p 405), and when this is deducted gross trading profits show a fall of over 20 per cent. The gross trading surplus of public corporations (also after deduction of stock appreciation) rose by 9·5 per cent in 1974, and the increase in rent and self-employment income was almost 15 per cent.

[1] *National Income and Expenditure 1964-74*. Central Statistical Office. HMSO, £2·20. ISBN 0 11 630143 0.

[2] Some of the figures have been revised since the publication of the 1974 volume.

[3] Proportion of personal disposable income saved.

[4] The total value of goods and services produced in Britain.

[1] Gross disposable income is gross national income before deducting capital consumption *less* net current transfers abroad.

[5] See pp 274-8 for details of Britain's overseas trade in 1974.

Table 1

Expenditure: Percentage Changes 1964-74

	Current Prices			Constant Prices		
	1964 to 1972*	1972 to 1973	1973 to 1974	1964 to 1972*	1972 to 1973	1973 to 1974
Consumers' expenditure	8·0	13·9	14·5	2·4	4·8	−0·6
Public authorities' current expenditure on goods and services	10·0	13·3	24·7	2·2	4·2	3·2
Gross domestic fixed capital formation	8·4	19·7	17·6	3·3	2·6	−2·0
Exports of goods and services	10·7	27·0	32·0	5·6	11·4	6·8
Total final expenditure	8·4	18·2	19·7	2·8	7·1	0·6
Imports of goods and services	9·0	38·5	44·2	5·2	13·6	0·3
Expenditure GDP at factor cost	8·1	15·1	15·4	2·2	5·3	1·0

*Annual average.

Table 2

Personal Incomes: Percentage Changes 1964-74

	1964 to 1972*	1972 to 1973	1973 to 1974
Income from employment	8·4	15·2	20·5
within which, wages and salaries	8·1	14·9	19·8
Income from self-employment	11·2	25·5	16·3
Rent, dividends and net interest	6·4	18·1	11·5
Current grants from public authorities	12·7	9·6	22·6
Total personal income	8·8	15·9	19·3
Taxes on income (payments)	11·7	17·5	34·9
National Insurance etc contributions	11·0	17·9	26·9
Personal disposable income	8·3	15·4	16·4
Consumers' expenditure	8·0	13·9	14·5
Real personal disposable income	2·7	6·2	1·1

*Annual average.

The share of total domestic income taken by profits after deducting stock appreciation fell in 1974 to 6·7 per cent, well below the average of 12·2 per cent over the period 1964 to 1973. Employment income increased its share of total domestic income, after deducting stock appreciation, to 72·3 per cent; this was above the average of 68·8 per cent over the period 1964 to 1973, and higher than in any year of that period.

Output

The output measure of gross domestic product at constant prices fell by 0·6 per cent in 1974. Industrial production, which accounts for about 45 per cent of output, fell by 3·5 per cent. Within industrial production there was a fall of 2·5 per cent in the output of manufacturing, which was adversely affected by the short-time working in the early part of 1974, during the miners' dispute and consequent power restrictions. The output of mining and quarrying, which was directly affected by the dispute, fell by over 10·5 per cent. There was also a sharp fall of 8·5 per cent in construction output. There was, however, a moderate rise in output in 1974 in the service industries.

Investment

The volume of fixed investment (gross domestic fixed capital formation) fell by about 2 per cent between 1973 and 1974. Private sector investment was down by about 4 per cent and public sector investment was little changed. Within the public sector the rise of over 7 per cent in the volume of fixed investment by public corporations partly reflects the transfer of certain ports and water supply and sewage disposal services from local authorities to the public corporations' sector, in April 1974 (see pp 354-5, 1974, and p 406), but even after allowing for this there was some upturn in expenditure in the second half of the year in line with the public corporations' investment programmes.

The volume of fixed investment by manufacturing industry was about 12·5 per cent higher in 1974 than in 1973. With the notable exception of mining and quarrying, investment by most other industries fell in volume terms, transport and communication by over 13 per cent and the distributive and service industries by over 7 per cent. Investment in mining and quarrying continued to grow very sharply (more than doubling in volume terms) reflecting the increasing level of activity in exploration and develop-

Table 3

Consumers' Expenditure: Percentage Distribution 1964 and 1974

	Current Prices		Constant Prices	
	1964	1974	1964	1974
Food* (household expenditure)	22·8	19·1	21·5	18·0
Alcoholic drink	6·5	7·6	6·6	8·6
Tobacco	6·2	4·3	6·2	5·1
Housing	10·9	13·9	12·3	12·5
Fuel and light	4·7	4·4	4·7	4·5
Clothing and footwear	9·2	8·7	8·2	8·5
Purchase and running cost of motor vehicles	7·1	9·4	6·9	9·4
Household durables	4·7	4·5	4·5	5·0
Other goods	9·3	9·9	9·5	10·3
Other services	18·6	18·2	19·6	18·1
Total	100·0	100·0	100·0	100·0

*Excluding meals in restaurants, hotels, etc.

ment for North Sea oil and gas production (see pp 202-4). Investment in dwellings was down by nearly 5 per cent in volume. Investment in public sector dwellings increased by 11·5 per cent but investment in private sector dwellings fell by about 16 per cent. The construction industry's output of dwellings for the private sector fell less sharply, leading to an increase in its stocks of completed and partly-completed dwellings.

The estimated net capital stock of reproducible fixed assets, in which assets are valued at current replacement cost and after the deduction of capital consumption, was about £254,300 million at the end of 1974. About one-fifth of this represents dwellings and other assets of the personal sector, about one-third assets of the company sector, and the remainder, almost half, represents assets of the public sector.

Personal Sector

Incomes and Savings

Table 2 shows that the fastest-rising component of personal income between 1973 and 1974 was current grants from public authorities, with a 22·6 per cent increase; this was a little above the rise of 20·5 per cent in employment income. Income from self-employment, which had grown on average over the earlier period more rapidly than total personal income, is estimated to have risen in 1974 by just over 16 per cent; this was below the rise in the total, partly reflecting the slow-down in economic activity in that year.

Payments of taxes on income by the personal sector rose by 35 per cent in 1974, reflecting higher rates of tax generally (see pp 123-4, 1974) and the 'progressive' nature of the tax system, under which tax rates applicable to individuals rise with their level of income; national insurance contributions also rose sharply, by 27 per cent. Consequently, personal disposable income (after deduction of taxes on income and national insurance contributions) rose by 16·5 per cent, somewhat less than the increase of over 19 per cent in total personal income. Real personal disposable income (measured after adjusting for price increases) rose by just over 1 per cent between 1973 and 1974, well below the unusually large increase in the previous year, and also below the average annual increase of 2·5-3 per cent for the period 1964 to 1972.

The volume of consumers' expenditure fell by about 0·5 per cent between 1973 and 1974, leading to a rise in the savings ratio to 12·7 per cent – higher than in any of the preceding ten years. The corresponding rise in the money value of savings was £1,800 million, largely reflected in a similar increase in the net acquisition of financial assets. If stock appreciation, additions to tax reserves, and depreciation are all deducted the increase in savings, though still large by historical standards, is reduced to £1,270 million.

Expenditure

Table 3 compares the pattern of consumers' expenditure, in both value and volume terms, in 1964 and 1974. Over this period expenditure on food and tobacco declined as a proportion of total expenditure, but alcoholic drink increased its share of the total. Expenditure on housing remained an unchanged proportion of the total at constant prices, but took an increased share of current price expenditure, reflecting an above-average price increase in this item. There were small increases at constant prices in the proportions of expenditure on clothing and footwear, household durables and other goods, and a large increase at both current and constant prices in the proportion of expenditure on the purchase and running of motor vehicles.

Companies

Total company income increased by over 22 per cent in 1974, following an even sharper rise in the previous year. Company trading profits rose much more slowly, by 11 per cent before deducting stock appreciation, but if stock appreciation is deducted, there was a fall in gross trading profits of over 20 per cent.[1] Rent and non-trading income grew by over 27 per cent in 1974. Income from abroad before tax rose substantially, by 39 per cent, partly because of movements in exchange rates, but there was a

[1] The very large stock appreciation – almost double the 1973 figure – was due to the increase in the rate of inflation. See pp 351-2 for a summary of proposals for dealing with the effect of inflation on company accounts.

Table 4

Public Expenditure: Percentage Shares 1964-74

	1964	1969	1974
Main functional categories			
Military defence	15·6	11·6	10·2
Transport and communication	4·0	3·9	4·6
Other industry and trade	7·1	9·4	9·0
Housing	6·4	5·9	9·5
Education	11·1	11·9	11·7
National health service	8·9	8·9	9·2
Social security benefits	16·5	18·0	16·5
Main economic categories			
Current expenditure on goods and services	43·2	40·9	40·0
Gross domestic fixed capital formation	20·2	18·8	16·6
Current grants to personal sector	17·6	19·9	18·9

sharp increase of 75 per cent in taxes paid abroad, the largest rise occurring in the oil-producing countries.

The increase of 17 per cent in 1974 in total dividend and interest payments was well below the percentage rise in the previous year. The increase largely reflected increased interest rates and deposits with financial companies. The rise in ordinary dividend payments of just 5 per cent between 1972 and 1973 was followed by a fall of 11 per cent in 1974; these payments were affected by the restrictions on dividends in force throughout 1973 and 1974 (see pp 172 and 499, 1973 and 316, 1974) and the pattern of payments over this period was also affected by the change in the system of corporation tax (see pp 186-7, 1971 and 162, 1972). United Kingdom taxes on income fell substantially in 1974, reflecting the introduction of stock relief in that year (see p 428, 1974).

Company saving, before deducting stock appreciation or depreciation, increased by £3,050 million, but if these two items are deducted the increase in saving is reduced to £130 million.

Public Sector

Total public expenditure (£41,606 million) rose by 29 per cent (£9,453 million) between 1973 and 1974. The increase in current expenditure on goods and services was 25 per cent, that is, below the overall rate of increase; it was mostly due to pay and price rises, and in real terms it was only 3 per cent. Expenditure on subsidies, debt interest, and on net lending to the private sector, all showed above-average percentage rises.

In Table 4, percentage shares of the main categories of public expenditure in 1964, 1969 and 1974 are shown in terms of two different systems of classification – that is, by functional and economic categories.

The main feature is the marked decline in the proportion of total expenditure on military defence – from about 15 to about 10 per cent over the whole period. There were small increases in the shares of most other categories of expenditure on goods and services, though the share of housing rose from about 6 to over 9 per cent between 1964 and 1974. The proportions of expenditure on gross fixed investment and on goods and services for current consumption have declined over the ten-year period, while current grants (such as social security benefits) to the personal sector took an increasing share of the total between 1964 and 1969, but a slightly reduced proportion between 1969 and 1974.

Central Government

Central Government receipts on current account increased by 24 per cent in 1974, over twice the percentage increase in the previous year, reflecting increases in tax rates on both taxes on income and expenditure (see pp 123-4 and 428, 1974). Taxes on income rose particularly rapidly, by 33 per cent (£3,023 million), and there was a rise of 27 per cent (£1,056 million) in national insurance and similar contributions.

Total central Government current expenditure rose by 28 per cent (£5,990 million), and, within the total, current expenditure on goods and services increased by a similar percentage. Subsidies doubled in value, reflecting mainly the large increase in food and housing subsidies, and in the compensation to the nationalised industries for price restraint (see p 511, 1973). The central Government current surplus fell between 1973 and 1974 by £604 million following falls in each of the preceding three years.

Local Authorities

Total local authority receipts rose by 17·5 per cent in 1974, and current expenditure in total showed a similar rate of increase. Both of these totals are affected however, by the reorganisation of local authority public health services, and sewerage and sewage disposal services, which, together with water supply and local drainage, were transferred out of the local authority sector during 1974 (see pp 86-8, 180-1 and 368, 1973).

Public Corporations

The gross trading surplus of public corporations increased by 18 per cent in 1974, before deducting stock appreciation, but this rise was more than accounted for by an increase in their receipts of subsidies. The balance of public corporations' current saving, before providing for stock appreciation and depreciation, increased by 10 per cent.

Industrial Investment

OPERATION OF THE INDUSTRY ACT 1972

A continued growth in the use of the powers of the Industry Act 1972 occurred during the year ended 31 March 1975 – the second year of the Act's operation – according to the annual report[1] published in September.

In the introduction the report notes the Government's announcement in April 1974 of its intention to continue and develop the financial and other incentives available for the location and expansion of industry in the assisted areas and its belief that the achievement of a high rate of new investment, particularly in manufacturing industry, continued to be a priority task. The Government confirmed that the existing system of regional development grants would be maintained, and that, under the Act's powers, selective financial assistance within the assisted areas would continue. In appropriate cases assistance would be provided in the form of share capital.

Decentralisation

The announcement had also stated the Government's intention to increase the level of decentralisation so that more cases would be decided in the areas where projects were to be located. Accordingly it was announced in July 1974 that the Department of Industry's offices in Scotland, Wales, the Northern, Yorkshire and Humberside, and North-Western regions would deal with individual Industry Act loan applications of up to £1 million, double the previous limit, without reference to the department's headquarters. A corresponding increase was made in the limits for other delegated forms of assistance such as interest-relief grants.

Arrangements were also made for the transfer, from July 1975, of responsibility for regional selective assistance in Scotland and Wales to the Secretaries of State for Scotland and Wales respectively. Similarly, as from July 1975, responsibility for the exercise, in Scotland and Wales, of the powers provided by the Local Employment Act 1972 for the provision and maintenance of Government factories and estates rests with the Secretaries of State for Scotland and Wales respectively.

Industry Bill 1975

In conformity with the objectives set out in the White Paper on *The Regeneration of British Industry* (see pp 386-8, 1974), a new Industry Bill was presented to Parliament in January 1975 which included proposals to amend the powers of the Industry Act 1972. The Bill had not completed its parliamentary stages by 31 March 1975 (see pp 104-5).

Financial Limits

In March 1975 authority to increase the statutory limit on sums paid, and liabilities under any guarantees given, by the Secretary of State for Industry, from £150 million to £250 million, was given by the House of Commons.

Grants and Other Forms of Assistance

During the year 35,553 applications for regional development grants were received, covering some £1,145 million of capital expenditure, and £213 million was paid in grant. Some £154 million of this was for plant and machinery and for mining works, and £59 million in respect of building work. Grant paid in respect of assisted areas in Scotland totalled some £62 million and in Wales amounted to £32 million.

The Grants Offices continued to deal with investment grants under the Industrial Development Act 1966 in accordance with the arrangements for terminating the scheme. Payments totalled some £119 million, of which £53 million related to plant and machinery, £59 million to ships, £1·4 million to mining works and £5 million to computers.

With regard to regional selective assistance, 1,265 applications were received and 817 offers made. The value of loan and grant assistance offered totalled £69 million. The offers related to 736 projects with a total value of about £571 million and are expected to lead to the creation of 58,000 new jobs over the next five years and the safeguarding of a further 30,000 jobs in assisted areas. Interest-free periods or equivalent allowances worth £14·5 million were included in 471 offers.

The service industry removal grant scheme is designed to encourage service industry projects to move to the assisted areas. During the year under review assistance totalling £2·6 million was paid under this scheme towards 30 projects, 17 of which concerned the transfer of offices. The projects are expected to lead to the creation of about 2,700 additional jobs in the assisted areas over the next five years.

Assistance may be considered outside the normal guidelines in appropriate cases – for example, where a company is facing acute financial difficulty. Loans amounting to £2·5 million and grants totalling £5·5 million were offered to assist companies in financial difficulties.

The level of building grant assistance under the Local Employment Act 1972 continued to decline following the supersession of some of its provisions by the Industry Act 1972. Offers of building grants amounted to £3·4 million. The cost of factory construction authorised is estimated at £40·7 million. The additional employment arising as a result of this assistance is estimated at over 18,600.

Government factories continued to play an important role in attracting industry to the assisted areas. By the end of March 1975, there were 1,255 tenants, as compared with 1,219 in March 1974, employing some 198,000 people as compared with 231,000 a year earlier.

During the year there was a steady demand for factory premises. Allocations made to new tenants and purchasers amounted to 113 factories totalling some 255,700 square metres.

A new series of four advance factory programmes was introduced in the year providing 93 advance factories (designed to encourage industry to operate in assisted areas).

[1] *Industry Act 1972.* Annual report by the Secretary of State for Industry for the year ended 31 March 1975. HMSO, £1·35. ISBN 0 10 026205 8.

There were 455 applications for grants towards the acquisition or clearance of derelict land in development, special development, intermediate and derelict land clearance areas under the Local Employment Act 1972. Grants totalling £10·1 million were approved for 197 schemes involving 3,993 acres (1,616 hectares). The total cost of these schemes was £12·5 million.

In January 1975 the Department of the Environment announced that the rate of derelict land reclamation grant in the assisted areas and derelict land clearance areas would be increased. The Scottish and Welsh Development Agencies (see p 106) will be responsible for derelict land reclamation in Scotland and Wales and will meet the whole cost. As these proposals become effective the rate of reclamation in England will be increased and new schemes in assisted areas and derelict land clearance areas will become eligible for 100 per cent grants.

Under the Local Employment Act 1972, 229 applications for grants towards the improvement of basic services in development and intermediate areas were received. Grants totalling £5·6 million were approved in respect of 137 schemes costing in total some £17·8 million.

The report describes progress in the wool textile industry scheme (see p 324,1973) which is designed to provide incentives towards securing a more viable long-term future for the wool textile industry. Changes in the scheme, announced in February 1975, were aimed at providing additional financial stimulus for rebuilding and for re-equipment, and a stronger incentive to structural change within the industry, to encourage concentration and the formation of stronger groups. Since the inception of this scheme, 100 applications, relating to expenditure on projects of over £39 million leading to an estimated wool textile grant of £7·4 million, had been approved or were under consideration. Of the £39 million, £22 million relates to the applications received during the year under review. Some 89 offers of grants were made during the year accounting for 6·6 million of wool textile grant and £2·2 million was paid out for rebuilding and re-equipment.

Under the sponsorship of the Offshore Supplies Office (OSO) of the Department of Energy, financial assistance has been made available for a wide range of offshore projects, mainly related to oil, under the Industry Act 1972. Projects which are located in the areas for expansion are eligible for assistance and are handled by the regions, the Office for Scotland, the Office for Wales or at the Department of Industry, in consultation with the OSO. The OSO also administers the Offshore Supplies Interest Relief Grant Scheme which is designed to help British firms to compete in the provision of goods and services in support of the construction of fixed installations required for developing hydrocarbon resources in the British sector of the Continental Shelf. The first claims for grant were received during the last quarter of the financial year and grants paid during 1974-75 amounted to about £44,000.

The Industry Act 1972 makes provisions for Government-guaranteed credit to finance the construction of ships and mobile offshore installations in Britain for British owners (the Home Credit Scheme) and for grants to British shipbuilders on ships and mobile offshore installations built during the period 1972-74 (the Construction Grant Scheme). The schemes apply to ships and mobile offshore installations of 100 tons or more and tugs of 500 horse-power or more. By the end of March 1975, the total sums guaranteed under the Home Credit Scheme were £796 million while £12 million was paid to shipbuilders under the Construction Grant Scheme, making a total of £42 million since the Act came into force.

SELECTIVE ASSISTANCE TO INDUSTRY

Additional funds for selective assistance to industry were announced by the Chancellor on 24 September. A further provision of £80 million is being made beyond the £100 million announced in the April Budget, part of which has now been allocated to help the modernisation of various sectors of industry (see p 352). Some of the additional £80 million will be allocated to provide special assistance to induce companies to go ahead with investment projects that have been shelved or postponed; these should be started within the next 12 months, so that expenditure will mainly come before the next upturn in investment. The objective of this scheme is to encourage investment decisions in advance of the upturn in world trade and demand expected from the beginning of next year. With the new funds available, the Government will also be able to consider the needs of other industries and to introduce new schemes that contribute to the modernisation, rationalisation and re-equipment of the industries concerned.

Criteria for Assistance

Under the scheme for the acceleration of capital projects, certain criteria must be satisfied in order to entitle a project to assistance. From those that qualify the Department of Industry will select the best, and particularly those that can most quickly go ahead. The projects should consist of new investment (not merely modernisation) and be substantial (normally over £1 million). This widens the coverage of the scheme, which was previously limited to projects costing over £2·5 million. A second criterion is that the project should be one that would not take place, or would be deferred, but for the Government assistance. Thirdly, it should be commercially sound and involve a direct and substantial benefit to the British balance of payments. The fourth criterion is that construction work or the installation of plant for the project should have begun before the end of March 1976 and projects which would be completed early will be given priority.

Government support under this scheme will be the minimum considered necessary: in general, loans at concessionary rates of interest or the equivalent in interest relief grant. This assistance will be made available throughout the country under Section 8 of the Industry Act.

Government Aid for Merger

The Department of Industry has agreed to provide £4·5 million under Section 8 of the Industry Act to facilitate a merger between Metals Research Ltd

and Scientific and Medical Instruments Ltd to form an enlarged company, The Cambridge Instrument Company Ltd. The Government's contribution will take the form of an equity subscription of £1·25 million in the enlarged company, together with loans repayable over periods up to 15 years, but interest-free for the first two years. The terms of the merger together with the equity subscription will result in a Government holding of 28·2 per cent in the enlarged group.

The Government has encouraged the merger as a means of strengthening this sector of the British instrument industry. It offers good prospects for expanding the advanced technology business of both companies, broadening their product base and improving marketing and research facilities.

Measures to Alleviate Unemployment

'The Government's purpose is . . . to check the rise in unemployment; to help keep people in jobs; and at the same time to safeguard and expand our industrial potential so as to provide the base for more jobs in the medium term', said Lord Shepherd, Lord Privy Seal and Leader of the House of Lords, in a statement on 24 September (*Hansard, HL*, cols 299-302) announcing measures to alleviate unemployment.[1] The Government's room for manoeuvre, however, was severely limited by the need to control the public sector deficit, to improve the balance of payments and to avoid any action which might directly or indirectly undermine the nation's fight against inflation (see pp 270, 319).

Two types of measures would therefore be introduced – those designed to have an early effect, without entailing continuing additions to public expenditure programmes in later years; and secondly, measures which would form part of the Government's medium-term programme of support for industrial investment. Details of the various measures are set out below.

SHORT-TERM MEASURES

Temporary Employment Subsidy

The initial results of the temporary employment subsidy introduced on 18 August (see p 320) for firms which had good long-term prospects and were situated in assisted areas were encouraging, Lord Shepherd explained, and, since the problems it was helping to solve were not confined to the assisted areas, the scheme would be extended to the rest of the country. The Government intended to review the working of the scheme in the light of experience and to introduce, as appropriate, any modifications in its conditions which might seem desirable.

Work Creation

The Manpower Services Commission (MSC) (see p 69) would receive a grant of £30 million with the aim of creating 15,000 jobs by providing labour-intensive projects, particularly for young people, in areas of high unemployment. The commission, which would be announcing its detailed plans as soon as possible, had been asked to ensure that the jobs concerned were such as would not otherwise have been provided and were relevant to real and pressing needs such as those of inner urban areas, including minor improvements to housing and buildings concerned with health and education; these jobs would be designed wherever possible to provide some vocational training, and would be linked to appropriate forms of further education.

Recruitment Subsidy for School Leavers

Under this scheme, the date of operation of which would be announced shortly, firms which recruited young people who had left school before the end of July 1975, and who had not had a full-time job since then, would be paid £5 a week per head for the first 26 weeks that they were employed.

Training Measures

An additional £20 million was being allocated to the MSC for further expansion of the training programmes organised by the Training Services Agency (TSA) (see p 226, 1974), with particular emphasis on schemes for young people.

Training allowances on certain courses provided by the TSA would be increased at a further cost of £5 million a year.

Labour Mobility

A further £3 million a year would be made available to the MSC under the Employment Transfer Scheme (see p 441, 1974) to encourage the movement of unemployed workers to areas where jobs were available.

MEDIUM-TERM MEASURES

The Government's other proposals, to increase industrial potential and thus expand employment opportunities in the medium term, were as follows:

Industrial Investment

In the Budget statement in April 1975 (see p 196) £100 million had been allocated for the acceleration of capital projects by individual firms and for industrial modernisation schemes, and a further £80 million would be provided, within the total available under the Industry Act 1972 (see pp 267-8, 485-6, 1972 and p 407) for similar purposes. The capital projects scheme (see p 267, 1972) would continue and the Department of Industry was currently considering several further industry schemes.

Factory Building

An extra £20 million was being allocated to the building of advance factories and the modernisation of existing factories on industrial estates, the size of the programme having been decided after account had been taken of expected receipts from the EEC Regional Development Fund (see p 94).

The Government also had in hand further work on the problems of the construction industry where the unemployment situation was particularly acute and on which the measures described would have only

[1] The House of Commons was adjourned at the time of the statement; the House of Lords met for one week from 22 to 26 September to deal with some outstanding business.

a limited effect. A statement would be made as soon as possible on a carefully selected programme of works relevant to the Government's principal social and economic priorities which could be put in hand quickly and completed within the coming year, so as to help provide employment where it was most needed in the industry and thus avoid a continuing addition to the general run of public expenditure programmes over a period of years.

EFFECTS ON PUBLIC EXPENDITURE AND EMPLOYMENT

While the measures designed to affect the unemployment problem in the short term were estimated to involve a gross cost of £75 million, the net effect on public expenditure after taking account of the savings on unemployment benefit and supplementary benefit would amount to about £45 million, of which approximately £20 million might fall in the 1975-76 financial year. Since Government tax receipts would also increase as a result of the incomes generated by these measures, the overall effect on the borrowing requirement would be further reduced. The maximum number of jobs involved would be of the order of 100,000. Lord Shepherd explained that these figures did not take account of the cost and employment effects either of earlier Government measures of this kind now taking effect or of possible additional expenditure on construction works.

The amount allocated for industrial investment would be spread over a period of years, while the extra provision for factories might be spent within some 18 months. The gross cost of these two measures would be £100 million, bringing the total gross cost of the measures to £175 million,[1] of which somewhat under £40 million would arise in the remainder of 1975-76 and about £80 million in 1976-77. As indicated, there would be substantial savings to be set against the cost of the shorter-term measures, while the measures to increase industrial investment would also generate both some tax revenue and some direct employment in the short term, though their primary objective was to strengthen Britain's industrial base in the future.

CHANCELLOR'S STATEMENT

At a press conference following Lord Shepherd's statement the Chancellor of the Exchequer, Mr Denis Healey, described the economic setting of the measures and said that the achievement of a high wage-high output economy required fundamental structural changes in the pattern of output, with much heavier concentration than before on investment and exports. While the main cause of the high level of unemployment in Britain (which was very substantially lower than in most other industrial countries) was the world recession, the acceptance by the trade unions of a £6 limit on wage settlements in the current year (see p 350) was likely to remove over the next 12 months the additional unemployment that had been created by excessive pay settlements in the previous 12 months. Mr Healey said that it was therefore not possible for him to undertake the same general reflation of demand as had been seen in a number of other countries – notably the Federal Republic of Germany, France, the United States of America and Holland – for such a reflation would attract a great volume of imports at a time when world trade was too low to permit a parallel expansion of exports.

In conclusion, Mr Healey said he did not pretend that the schemes would produce full employment but they could reduce the amount of unemployment by something like 10 per cent and they did not in any sense represent a major reflationary action by the Government. The total gross cost of the measures over the whole five years over which the investment schemes would operate was only one-twentieth as high as the measures recently announced by the Governments of the Federal Republic of Germany and France and only one-hundredth as high as the measures announced earlier in 1975 by the United States Government.

[1] This amount excludes the cost of extra help for the construction industry, which is estimated at £30 million.

Offshore Oil and Gas

Recent offshore developments have included several discoveries of oil in the British sector of the Continental Shelf and a Government announcement of a new round of petroleum production licensing in 1976.

EXPLORATION

During a speech on 19 September at the Offshore Europe '75 Conference at Aberdeen, Mr John Smith, Parliamentary Under-Secretary of State for Energy, after mentioning the Government's proposals for a new petroleum revenue tax (see p 102), referred to 'a very healthy and vigorous level of activity' in all stages of the process of exploration for, and development of, Britain's offshore petroleum resources. He said that an average of nearly 28 exploration and appraisal rigs had been operating in the British sector of the Continental Shelf during the first eight months of 1975, a much larger number than in previous years. Since the beginning of 1975, 22 oil discoveries had been made, bringing the total to 47 since the start of exploration in the mid-1960s. Thirteen fields were being developed commercially and a substantial number of the remainder were considered 'promising', although further appraisal drilling would be needed before the companies concerned could decide whether to develop them. The success rate of exploration drilling had been 25 per cent in the British sector as a whole and 50 per cent in the area to the east of Shetland.

Exploration activity had probably reached its peak in 1975 because companies had tended to maximise their drilling activity in the middle of a six-year licensing period, and the latest and largest round of licensing had been in 1971-72. Companies had responded 'with great skill and speed to the opportunities presented'. The first benefits of the major development of the commercial fields had occurred with the growth of the offshore equipment

industry (see p 361), while the first of Britain's offshore oil had been landed (see p 281). Reserves already discovered could produce high levels of production until well into the 1980s, but the Government recognised the necessity of maintaining exploration activity if Britain's offshore resources were to be fully exploited.

Mr Smith said that a preliminary analysis of the orders placed in the first half of 1975 by operators on the British Continental Shelf showed that British firms were gaining a slightly higher share of the market, with a provisional estimate of 45 per cent, compared with 40 per cent in 1974 (see p 361). The Department of Energy's Offshore Supplies Office had already helped many firms to enter the offshore market.

LICENSING

The Secretary of State for Energy, Mr Anthony Wedgwood Benn, in a speech on 23 September at the National Union of Mineworkers' Summer School at Ruskin College, Oxford, announced that the Government proposed to hold a further round of petroleum production licensing in 1976. Applications would be invited in the early months of the year and licences awarded later. Mr Benn said that the new round was intended to maintain offshore exploration and development, and to ensure a continuing market for the offshore supplies industry. The terms and conditions of the licences would be designed to safeguard Britain's interests and would include, as previously stated, a provision for majority State participation in commercial finds. (Of the designated area of the British Continental Shelf covering 578,850 square kilometres, nearly 105,000 square kilometres are covered by production licences. Some 755 wells have been or are being drilled for oil and gas in the British sector of the Continental Shelf.)

Nuclear Research and Development

UKAEA ANNUAL REPORT

The twenty-first annual report of the United Kingdom Atomic Energy Authority (UKAEA)[1] for 1974-75, published on 2 October, points out that the expansion of the role of nuclear power is an essential feature of Britain's future energy strategy – this, despite a strong four-fuel energy policy based on gas and oil from the North Sea, coal and nuclear power, which makes the need perhaps less urgent than in some countries – because it makes a reduced call on economic resources and enables more profitable use to be made of limited supplies of fossil fuels.

The report records continuing progress towards the establishment of a healthy nuclear industry strongly supported by relevant research and development programmes. The National Nuclear Corporation, created in 1973 to be the single nuclear design and construction company in Britain, has now assumed responsibility for the completion and commissioning of the Advanced Gas-Cooled Reactor (AGR) stations and has been acting with the generating boards and the authority to plan, design and execute the next programme of power stations based on the Steam Generating Heavy Water Reactor (SGHWR) (see p 280, 1974, and *The Steam Generating Heavy Water Reactor*, COI, NST 39). The Nuclear Power Company (NPC) has started to trade as an operating company.

Chairman's Address

In presenting the report at a press conference in London, the chairman of the UKAEA, Sir John Hill, expressed pleasure that Dr Franklin, former chief executive of British Nuclear Fuels Ltd (BNFL) and member for production in the Atomic Energy Authority, had been appointed chairman and chief executive of the NPC. He remained a part-time member of the authority and a director of BNFL. The necessary close working relationship between the design and construction organisation and the authority had, according to Sir John, 'never worked better than it does at the present time'.

The restarting of the nuclear programme, together with the decision to maintain the national effort on the fast reactor and the recognition given to the importance of safety and the protection of the environment had meant, he said, that the authority had a very substantial workload and its resources were as tightly stretched as they had ever been. During the past year the authority had redeployed its staff and concentrated its resources in order to tackle this programme as effectively as possible.

In view of the increased workload careful consideration had been given as to whether all non-nuclear work, initiated some years ago, should be stopped. But the authority had decided against doing so. Carrying out research work on a customer-contractor relationship had proved to be a very beneficial discipline, and the work being done was in the national interest, but the authority was not seeking to expand this activity; rather, if anything, the reverse.

SGHW Reactors

The construction of the SGHW reactors for the Central Electricity Generating Board (CEGB) at Sizewell and the South of Scotland Electricity Board (SSEB) at Torness was a matter between the NPC and the electricity boards. The authority was, however, playing its part not only with the development and proving programmes conducted in its own laboratories but also, jointly with the NPC, in initiating the associated component development programmes in the works of the appropriate sub-contractors.

In view of the importance of Britain's nuclear programme to the authority, Sir John mentioned some matters outside his immediate field of responsibility. During the last year there had been an intensive review by the electricity boards and by the new management of the NPC of the design of SGHW reactors available at the time of the Government decision (see p 280, 1974). It was right and proper that this should be done so that this vital and expensive programme of 4,000 MW(e) of plant should start with the best chance of holding its

[1] *United Kingdom Atomic Energy Authority. Annual Report 1974-75.* HMSO, £1.25. ISBN 0 70 580305 8.

timetable, and the smallest probability of modification being required to the design after the construction sequence had started. This phase was now, he understood, approaching completion. It had perhaps taken longer than might have been wished, but no one could criticise the new management for wanting to be quite sure it was committing itself to a stable and sound design.

As far as the authority was concerned the 100 MW prototype continued to work well and the proving and development programme continued in full association with the NPC and BNFL who would manufacture the fuel.

Fast Reactor

The largest of the authority's programmes continued to be that for the fast reactor and one of its major tasks during the year had been to bring the Prototype Fast Reactor (PFR) into operation and into synchronisation with the national electricity grid (see p 436, 1974). This was first achieved in February but leaks in parts of the steam-raising plant and difficulties in the turbine oil system had interrupted electricity generation. The reactor itself had given virtually trouble-free operation up to the power demanded of it with high availability, giving confidence in the soundness of the design, the techniques of liquid metal cooling and the control and safety systems. Good progress had been made with the repair of the leaks in the steam plant which was now being recommissioned. One of the steam circuits was being brought up to temperature at the present time.

The lessons learned from the construction, commissioning and operation of the prototype were being applied to the design of the first commercial station and would continue to be of key importance.

During the year reviewed in the report the authority had increased the resources devoted to fast reactor safety work. The safety policy to be adopted for the first commercial station had been, of course, the subject of continuing discussions between the organisations concerned in Britain. But safety was also an area particularly suited to international collaboration. The authority had taken every opportunity to increase international co-operation in this area.

Fusion Prospects

Critics of the fast reactor frequently said that the authority should, instead, develop fusion reactors. This was not an alternative, Sir John said. Fast reactors would be needed in ten or 15 year's time to prevent the demand for uranium outstripping its availability. Given only continuity of purpose, the present prototypes operating in several countries would be scaled up to full commercial size and the teething troubles that would arise could be ironed out in this period.

Fusion, if it came at all, must be on a much longer timescale. Its technology was very much more difficult than that of fast reactors. It was right that the world should seek to harness fusion power, but it would be merely a delusion to regard it as being able to make a significant contribution to energy resources on any practical timescale.

These remarks were not intended to detract in any way from the remarkable progress being made in the scientific understanding of the problems of fusion. In view of the long timescale and the costs of launching a new technology the authority was integrating its programme with that of its European partners in Euratom. The European programme for 1976 and the following four years was now being discussed. A major item in the programme was the construction of a large *Tokamak* device, known as the Joint European Torus (JET), which would approach nearer to reproducing a fusion reactor environment than any facility now available. The design study for this device had been completed by a European team at Culham (see p 463, 1973) during the year. The authority had proposed Culham as a possible site for JET and was keen to have the experiment there.

Safety and the Fuel Cycle

For many years the spearhead of the authority's development had been reactor development, but work on the fuel cycle was equally important. With an expanding nuclear power programme, the combination of greatly increased throughputs, tighter discharge limits and, at the same time, the need to keep exposure of the operators and all concerned to very low levels had made improvements in design and technology of process plant as important as that of reactors.

The authority was now devoting increasing effort to research and development programmes relating to the treatment, storage and disposal of radioactive waste. The programme of waste glassification (storage in durable glass) being undertaken by the authority and BNFL was an example of this work. During the year, Harwell had restarted a programme to examine the possibilities of disposal of waste in geological strata and the ocean deeps. At the same time the necessary machinery had been established to ensure that safety work was co-ordinated with that of other countries and to enable the fullest possible exchange of information and experience.

New methods of plutonium fuel fabrication were being developed with the objective of minimising the amount of plutonium-contaminated waste arising and reducing still further the possibility of contamination or exposure to operators. Other plants and processes were being developed to reduce further the effluent discharges in relation to throughput. In other words, processes were being developed with the protection of the environment rather than reduction in operating cost as the principal incentive for the improvement. By these means it would be possible to run much larger nuclear programmes without a corresponding increase in discharges to the environment or exposure of the population.

Associated Companies

The Radiochemical Centre was hoping to obtain planning approval to its proposed site at Cardiff later in October and, if so, construction would start early in 1976 to enable the expansion of this company to continue unhindered. The centrifuge programme of BNFL/Urenco was proceeding well and the first production cascades at Capenhurst would be running in the spring. The plans for a major extension at Windscale were well advanced and preliminary site work had already started.

Outlook

Sir John believed that the coming year would be a very exciting and rewarding one for the whole nuclear industry. The first two AGR stations at Hinkley Point and Hunterston should come on line and the prototype fast reactor should be in full operation. The new SGHWR programme was being started with due care and, for the first time, with a nuclear industry sensibly organised for the task it had to do. Perhaps most important, everyone could now see what had to be done. The days of argument and painful reorganisation were behind and there was a new spirit in the industry. 'We look forward to providing Britain with the clean, safe source of energy it requires,' he concluded. 'I have always been a believer in the future of nuclear power. I am as optimistic today as I ever have been.'

PROPOSED EXTENSION OF 'DRAGON'

At a press conference on 7 October on British Day at the International Nuclear Industrial Fair in Basle, the Parliamentary Under-Secretary of State at the Department of Energy, Mr Alex Eadie, announced that Britain had made an offer to its partners in the *Dragon* High Temperature Reactor (HTR) project[1] to keep it going until June 1976 on the present basis of funding (Britain contributing 48 per cent). This would allow a breathing space for participating countries to renegotiate the basis on which *Dragon* was funded, if they wished it to continue. It had, he said, been a successful international project but at a time when spending was tightly controlled, the British Government had had to admit that the HTR could not at present form part of its nuclear strategy. The Government would not wish to see the project closed prematurely if others were keen to continue it. [There has been world-wide interest in the HTR in connection with nuclear steelmaking.]

European Patent System

BRITISH GOVERNMENT SUPPORT

On 18 September the Parliamentary Under-Secretary of State for Companies, Aviation and Shipping, Mr Clinton Davis, announced the British Government's general support for the proposed new system of European patents under which an invention would be protected by a single patent throughout the European Community.

Mr Clinton Davis, who was addressing the congress of the Union of European Professional Patent Representatives in London, said that after recent 'difficult negotiations' the way was now clear for a successful conference to be held in Luxembourg in November/December to conclude the Community Patent Convention.

[1] *Dragon* is an international high temperature reactor (HTR) project established in 1959 and based at Winfrith in Dorset. It is financed by 12 European countries, the nine countries of the European Community, Sweden, Austria and Switzerland. (See *The High Temperature Reactor*, COI, NST 60).

Background

The Community Patent Convention is one of several international patent conventions (see p 210) which the British Government intends to ratify. Under it the European Patent Office, to be established in Munich under the European Patent Convention – a wider convention which includes countries both inside and outside the Community – would issue a unitary patent covering the whole of the European Community.

British Proposals

Mr Clinton Davis also expressed the Government's satisfaction with the preparatory work being done to set up the new European Patent Office in Munich, due to open in 1977, and able to grant patents valid in European Free Trade Association (EFTA) countries and other European countries as well as those of the European Community. But he emphasised that British ratification depended on the possiblity of substantial British representation in the staff of the European Patent Office – necessary, in the Government's view, because of the preponderance of English language applications.

Community Patent Convention

Mr Clinton Davis recalled how the British Government had requested some eighteen months' delay to consider the Community Patent Convention, because of its important and far-reaching nature, defining, as it did, new law to be applied in Britain. Two main points of difficulty were seen. The Government was convinced that those who wished to enjoy the benefits of the European Patent system in order to obtain protection in one or two countries of the European Community should be compelled from the start to take out a Community patent for the whole area. Neither was it satisfied with the arrangements defined in the convention for litigation relating to the Community patent. With a view to remedying these deficiencies, the Government had submitted amendments and these had been the subject of some difficult negotiations over recent months. The amendments made to the convention on these points were now, however, satisfactory, and the Government was particularly gratified that the other countries had agreed to co-operate, after signature of the convention, in finding an even more satisfactory long-term solution to the litigation problem. The Government intended to pursue this with vigour.

There were still some outstanding British proposals, which the Government regarded as being important, and there were also many proposals from other countries regarded by them as being equally important. But the way was now considered to be clear for the Luxembourg conference.

European Patent Office

After remarking that the preparatory work for the opening of the European Patent Office was progressing well, Mr Clinton Davis said the European patent would have a great advantage for inventors and the whole of industry. It would allow industry and inventors to obtain, by means of one application filed and processed in one language and under one law and one procedure, a European patent

having effect in those countries where protection was needed. This patent should have a high presumption of validity. It could cover an economic area with a population of almost 400 million people.

But if the European system were to be the success in practice that was hoped, it was vital to ensure that the advantage gained by the users of the system was commensurate with the cost. Additionally, it was essential that no unreasonable obstacles be placed in the way of participation of an acceptable number of British staff in the day-to-day work of the European Patent Office. In the view of the Government, having regard to the expected preponderance of English language applications, this was a prerequisite for establishing the international credibility of the new office. This was a matter on which British interests had expressed strong feelings. Recalling the statement made by the British delegation at the start of the Munich conference, to the effect that ratification by the United Kingdom would be dependent on the practical arrangements for implementing the convention being satisfactory in this respect, he reminded his audience that the British Government thought that it would have been better for the office, or at least an examining branch, to have been located in London, though it was recognised that that had not been accepted by the majority of the other participating countries. In those circumstances the Government attached much importance to a substantial quota for British staff at Munich.

Much importance was also attached to the political concession set out in the Protocol on Centralisation which would allow for a substantial participation by British examiners in London if an insufficient number were prepared to transfer to Munich. The Government considered that the protocol entitled Britain to carry out examination work in London on as much as one-third of the European applications provided that, at the relevant time, Britain was able to make out a case for that amount of work within the terms of the protocol, and the British Government looked to the Governments of other countries to support it on this and on the related question of the quota.

British Patent Office

Referring to developments in London, Mr Clinton Davis said that over the years the input to the British Patent Office had risen to around 60,000 a year, some 70 per cent of the patent applications coming from abroad.

Increasingly, inventors all over the world were not long satisfied with securing protection only in their own countries. The result of this multi-national filing was that much of the administrative work performed in the Patent Office of one country was duplicated in other offices. Patents were now essentially international in character, and, to cope with this, international solutions were required.

In conclusion, Mr Clinton Davis said that the British Government looked forward to, and was committed to, translating the results of studies into the European patent into actual operation. The European system would soon be put to the service of industry and inventors through the intermediary of practitioners. He urged his audience to keep in mind the practical ideals of efficiency and economy which had been at the heart of British Government policy all through the long stage of preparation for the European system.

SOCIAL AND CULTURAL AFFAIRS

Legal Aid

TWENTY-FIFTH ANNIVERSARY

The legal aid scheme in Great Britain is 25 years old this October. Since its establishment the scheme has grown in size and scope, and now goes far beyond court work, covering all advice and assistance given by solicitors to people of limited means. Lawyers' costs under the scheme are paid out of a state fund drawn from three sources: contributions which assisted people may be required to pay; costs and damages recovered from opposite parties in litigation; and a Government grant. Estimated public expenditure on legal aid in 1974-75 was about £37 million.

Before court proceedings are involved, people with limited means can obtain help from a solicitor on criminal or civil matters for little or no payment. This includes giving advice, writing letters, drafting wills, obtaining opinions from a barrister or advocate and visiting a police station or prison. A solicitor may act for a client under the assistance scheme until his costs and expenses reach a total of £25 (and sometimes this limit can be exceeded).

In civil court proceedings free aid is available to people with small incomes and capital. People with larger but still limited means can also obtain legal aid, but they have to pay a contribution towards it. Applicants must show that they have reasonable grounds for asserting or disputing a claim. Aid is not as a rule available for proceedings involving defamation or cases before tribunals or coroners' courts. In 1974-75 over 200,000 people were granted legal aid in civil cases in England and Wales. Since the scheme began, over two million people have been helped, and £161 million in damages and £46 million in costs have been recovered.

In criminal cases in England and Wales a legal aid order may be made by the court if this appears desirable in the interests of justice, and if the defendant's resources are such that he requires financial help in meeting the costs of the proceedings in which he is involved. The court has power to order applicants to pay a reasonable contribution towards the cost of the case according to their means. Broadly similar arrangements exist in Scotland, but there is in addition a duty solicitor system which enables people in custody to be represented on first appearing in court without any inquiry into their means.

The legal aid 'logo', first devised in Britain but now used in many parts of the world to represent the provision of legal aid services.

Further details of the legal aid and advice scheme in England and Wales are contained in *Guide to New Legal Aid*, available free of charge from The Law Society, 113 Chancery Lane, London WC2A 1PL. The Law Society, which is the professional organisation of solicitors in England and Wales, is responsible under the general guidance of the Lord Chancellor for the administration of legal advice and assistance and of legal aid for civil proceedings. The administration of legal aid for criminal proceedings is the responsibility of the courts and the Home Secretary.

Race Relations

NEW LEGISLATION PROPOSED

Stronger legislation to combat racial discrimination and to promote equality of opportunity regardless of race or colour is proposed in a White Paper, *Racial Discrimination* (Cmnd 6234. HMSO, 50p. ISBN 0 10 162340 2), published in September. The new legislation would replace the Race Relations Act 1968 in accordance with the Government's commitment to strengthen the measures against racial discrimination in line with those being taken in the Sex Discrimination Bill to deal with sex discrimination (see p 165). It would remove certain loopholes and anomalies from the existing law and would enable alleged victims of racial discrimination for the first time to have direct access to legal remedies in courts and tribunals. It would extend the definition of unlawful discrimination and would strengthen the legislation against discrimination in employment, education, housing, the provision of goods, facilities and services, and in advertising. The White Paper proposes replacing the Race Relations Board and the Community Relations Commission by a new body called, provisionally, the Race Relations Commission whose activities would be mainly strategic and whose functions would be similar to those conferred on the Equal Opportunities Commission by the Sex Discrimination Bill. A new Standing Ad-

visory Council would be set up under the chairmanship of the Home Secretary to advise him on all aspects of the development and implementation of race relations policy.

The White Paper discusses the condition of coloured immigrants in Britain. It points out that a high proportion of coloured people live in the relatively more deprived inner city areas; that, despite the Race Relations Acts, substantial discrimination continues to occur at work; that young West Indians suffer from severe unemployment; and that the proportion of immigrants living in overcrowded conditions is higher than that for the population at large. On the other hand, nearly half the coloured households own their own houses – almost the same proportion as white households; in Greater London there is evidence that a substantial proportion of West Indians are in skilled manual employment; and the proportion of young Asians out of work has been lower than that of young people in general.

The Government has no wish, however, in proposing new measures, to encourage a discussion of race relations solely in terms of 'problems', still less to imply that the racial minorities who now constitute an integral part of British society are helpless victims in need of constant attention and assistance. Immigrants have brought with them a 'leaven of energy and resourcefulness' and it is vital to tap these reservoirs of resilience, initiative and vigour and not allow them to be deflected into negative protest on account of arbitrary and unfair discriminatory practices. The Government has decided that the first priority in fashioning a coherent and long-term strategy to deal with the interlocking problems of immigration, cultural differences, racial disadvantage and discrimination is to strengthen the law already on the statute book.

Existing Legislation

The working of the 1968 Race Relations Act and of the Race Relations Board and the Community Relations Commission which were set up under the Act are described, and the shortcomings of the present arrangements are outlined. The White Paper says that the role of the Race Relations Board has been circumscribed by the narrowness of the definition of unlawful discrimination and by the complaints-based system of enforcement embodied in the 1968 Act. There has been some duplication of the work of the board and that of the Community Relations Commission in that both do preventive work of an educational and advisory nature. The Community Relations Commission has laboured under the disadvantage that it has largely had to provide its own terms of reference and has therefore been hampered by an uncertainty of aim. The Government recognises the need for reform of the existing legislation and has therefore decided to repeal the Race Relations Acts 1965 and 1968 and replace them with a comprehensive measure.

Definition of Discrimination

The definition of unlawful discrimination in the new Bill will be based on that of the 1968 Act, that is, treating someone less favourably than another on the ground of colour, race or ethnic or national origins. The definition will be extended to make unlawful requirements or conditions which have the effect – whatever the motive – of disproportionately excluding people of a particular race or colour unless the requirements or conditions are intrinsically justified.

Rules against the wearing of turbans at work, for example, which are not justified on grounds such as health, safety or some other adequate reason, would be made unlawful by this provision.

The definition of unlawful discrimination on the ground of national origins will be widened to cover nationality and citizenship. Reverse discrimination (discrimination in favour of a racial minority) will remain unlawful but exceptions to the principle of non-discrimination will be permitted, for example, to allow special training to enable minority groups to overcome handicaps and obtain genuine equality of opportunity and to provide for other specific needs.

General Scope

Like the 1968 Act, the Bill will apply to employment, training and related fields, education, housing and the provision to the public of goods, facilities and services and to the publication of discriminatory advertisements in these fields. It will remove loopholes and anomalies in the existing law and provisions will be included to ensure that it does not apply to personal and intimate relationships. Like the present law the new Bill will apply to the Crown and will apply throughout Great Britain but not in Northern Ireland.

Employment and Related Matters

Under the 1968 Act it is unlawful for an employer or any person concerned with the employment of others to discriminate. The provision will be redefined to make clear that it includes the arrangements which an employer makes for the purposes of determining who should be offered employment and employment under contract will be covered. Provisions will be included relating specifically to employment agencies and similar bodies, discrimination in relation to the benefits and facilities provided by employers' associations, trade unions and similar organisations, the selection and treatment of partners in partnerships of six or more partners, and discrimination by bodies conferring any authorisation or qualification required for a particular trade or profession.

Exceptions. The Bill will not include the 'racial balance' exception present in the 1968 Act under which an employer may discriminate in selecting persons for employment if he does so in good faith in order to secure or preserve a reasonable balance of persons of different racial groups employed in the undertaking or part of it. However, the Bill will preserve the exception contained in the 1968 Act permitting discrimination in employment calling for people of a particular group (such as Chinese waiters in an authentic Chinese restaurant) but the exceptions will be more narrowly defined.

The 1968 Act permits discrimination in employment on British ships and aircraft. The Government is discussing with both sides of the shipping industry the compatibility of these exceptions with the general principle of non-discrimination.

Education

Education is covered in the 1968 Act only as an

example of facilities and services. Separate education provisions will be included in the new Bill.

It will be unlawful for educational establishments to discriminate or for an education authority, in carrying out its functions under the Education Acts, to do any act which constitutes unlawful discrimination. Bodies in the public sector of education will have a general duty to secure that their facilities are provided without racial discrimination. The Bill will allow the provision of education to meet the specific needs of individual pupils or groups of pupils of whatever ethnic or national origins.

Housing Accommodation

The existing legislation makes it unlawful to discriminate in the disposal or management of housing accommodation, business premises or other land. These provisions do not apply to landlords living in small premises or to the disposal of owner-occupied premises if the services of an estate agent or advertisement are not used. These provisions will be retained but brought into line with the equivalent provisions of the Sex Discrimination Bill.

Goods, Facilities and Services

It will continue to be unlawful for any person concerned with the provision to the public, or a section of the public, of goods, facilities or services to discriminate against anyone seeking to obtain or use them. The Bill will allow the provision of facilities and services to meet the special needs of persons of particular ethnic or national origins.

With the agreement of both sides of the shipping industry the provision of the 1968 Act permitting discrimination in the provision of sleeping accommodation for passengers on ships will be repealed.

Social Clubs. The White Paper says that the courts have decided that the provisions of the 1968 Act do not, in general, apply to membership and associate membership of clubs. Some 4,000 workingmen's clubs, with a total membership of 3·5 million, and some thousands of sporting clubs, are therefore outside the provisions of the 1968 Act. Many clubs do not discriminate on racial grounds but they may lawfully do so. The Government considers that it is right that all clubs should be allowed to apply a test of personal acceptability to candidates for membership but considers it against the public interest that they should be entitled to do so on racial grounds. The Bill will therefore make it unlawful for a club to discriminate with regard to the admission of members or the treatment accorded to members.

Small bodies of a genuinely private and domestic character will be exempt, as will *bona fide* social, welfare, political and sporting organisations whose main object is to confer benefits on a particular ethnic or national group.

Discriminatory Advertisements

The Bill will preserve the provision of the 1968 Act which makes advertisements unlawful if they indicate an intention to discriminate. Two amendments will be made to the existing provision, however. The publication of an advertisement indicating that a person of a particular colour, race or ethnic or national origin is required where the job calls for such a person for reasons of authenticity will be permitted. The existing exception permitting discriminatory advertisements for employment outside Great Britain will be re-defined to ensure that racially discriminatory advertisements may no longer be published in Great Britain.

Other Powers

The Bill will contain provisions relating to instructions and pressure by a third person to discriminate unlawfully; victimisation of persons who have taken up a case of unlawful discrimination; the contravention of the Bill by a contract or a term in a contract; and the exemption from the Bill of certain charitable instruments.

Enforcement of the Legislation

Under the present arrangements for enforcing the law against racial discrimination, the Race Relations Board has a statutory duty to investigate individual complaints of discrimination and to attempt to settle the issue by conciliation. If a settlement cannot be reached the board may institute civil proceedings. Victims of discrimination have to seek redress through the board: they cannot take their case to court themselves.

The Government proposes to adopt the new and radical approach reflected in the enforcement provisions of the Sex Discrimination Bill. This combines the individual's right of direct access to legal remedies with a powerful Race Relations Commission responsible for enforcing the law on behalf of the community as a whole.

Employment and Related Matters

As under the Sex Discrimination Bill complaints of racial discrimination in employment, training and related matters will be dealt with by industrial tribunals; this is already the case with complaints of unfair dismissal on racial grounds when the complainant has been in the job for at least six months. The industrial tribunals consist of legally qualified chairmen assisted by lay members drawn from nominations made by the Trades Union Congress and employers' organisations. Their attention will be drawn to the desirability of including members of racial minorities among the nominees for membership of the tribunals.

Employment complaints will, in the first place, be considered by conciliation officers of the independent Advisory, Conciliation and Arbitration Service. A complainant may also use any jointly agreed grievance machinery concerned with his employment, and conciliation officers will encourage him to do so in appropriate cases. This will replace the existing provisions for the mandatory use of voluntary industry machinery in the 1968 Act.

Help will be given to a person who considers that he may have been discriminated against unlawfully to decide whether to institute proceedings and, if he does so, to formulate and present his case in the most effective manner. Standard forms will be available to enable him to question the person whom he considers to have discriminated. The Race Relations Commission will be able to assist complainants in cases which it considers raise questions of principle or cannot, because of their complexity or the applicant's position, be left to the applicant.

In cases that come to a tribunal the complainant will have to discharge the normal burden of proof

applicable in civil proceedings. Where the tribunal is satisfied that unlawful discrimination has occurred it will be able to declare the rights of the parties; to make an award of compensation; and/or to recommend that the respondent take certain action in respect of the act complained of.

Other Complaints

Complaints of racial discrimination involving education, housing, accommodation, and the provision of goods, facilities and services will be dealt with by specially designated county courts (in Scotland, sheriff courts). As under the 1968 Act, courts will be assisted in appropriate cases by two assessors with special knowledge and experience of problems connected with community and race relations.

No formal machinery for conciliation will be available, but prospective litigants will be expected to settle cases without recourse to the courts wherever possible. Standard forms will be available to enable an aggrieved person to question the person he thinks has discriminated against him. The usual rules for the provision of legal aid will apply and, as with employment cases, the Race Relations Commission will, in appropriate cases, be able to assist complainants.

The plaintiff will have to discharge the normal burden of proof which applies in civil proceedings. Where the court is satisfied that unlawful discrimination has occurred in a particular case it will be able to declare that the defendant has acted unlawfully; to award damages (including compensation for injury to feelings); and/or to grant an injunction (or make an order) restraining the defendant from discriminating unlawfully against the plaintiff.

Education

Complaints of unlawful discrimination or breach of statutory duty in bodies over which the education ministers exercise powers under the Education Acts will be made in the first instance to the appropriate minister. If, after the expiry of a two-month period during which the minister will consider the complaint and whether to exercise his powers, the complainant remains dissatisfied, he will be entitled to bring proceedings in the courts. The complainant will have immediate access to the courts in the case of educational bodies (including universities) over which the education ministers exercise no statutory powers.

Complaints Assigned to the Commission

All complaints about discriminatory advertisements and about instructions or pressure to discriminate will be made to the commission, which will take the matter up with those concerned and will, where necessary, be able to take legal proceedings.

The Race Relations Commission

The commission will consist of a chairman and not more than 14 other members appointed by the Home Secretary after consultation with the other ministers concerned. The various minorities will be substantially represented.

The main functions of the commission will be:

1 To conduct investigations in areas covered by the Bill and to take action to eliminate unlawful practices.
2 To promote equality of opportunity between people of different colour, race or ethnic or national origins.
3 To conduct inquiries into matters outside the scope of the legislation which may affect the relative positions and opportunities of the different racial, ethnic and national sections of the community.
4 To assist and represent individual complainants in appropriate cases.
5 To keep the operation of the legislation under review and make recommendations.
6 To conduct research and to take action to educate and persuade public opinion.

The principal role of the commission will be strategic: to identify and eliminate discriminatory practices and to promote equal opportunity.

In carrying out these duties the commission will be entitled to conduct formal investigations concerning discrimination and equal opportunity (either on its own initiative or at the request of the Home Secretary or the Secretary of State for Scotland) into the practices of particular organisations or individuals or more generally. Where its investigation is directed at suspected discrimination by a specific organisation or individual the commission will be able to require written information and the production of documents as well as to summon witnesses to give evidence. In other investigations it will only have this power if authorised by the Home Secretary. Where an investigation discloses an unlawful act or practice the commission will be empowered to issue a non-discrimination notice requiring the recipient to cease committing such acts or operating such practices or to alter his practices so as to comply with the law. The commission will have power to seek sanctions against discriminatory practices either through an industrial tribunal or through the courts.

The commission will also be able to conduct wide-ranging inquiries into underlying factors affecting discrimination, prejudice and disadvantage at large and to conduct and support research. It will take action to educate and persuade public opinion with a view to promoting equality of opportunity.

The commission will be empowered, at its discretion, to advise and assist individual complainants. This power will enable it to help complainants whose case is complex or whose personal situation makes it difficult for them to deal with their case unaided.

The commission will also advise the Government on the operation of the legislation.

Discrimination and the Role of Government

The White Paper emphasises that it is incumbent on the Government to give a lead in taking positive action to counter discrimination and promote equal opportunity. As an employer the Government pursues a policy of equal opportunity. An unequivocal statement of this policy has been made, with the full support of the staff representatives, to all departments. In addition the Government's policy emphasises the need to guard against unconscious discrimination including the effects of preconception and prejudices in work allocation and staff assessment, and the need to give special training where problems of communication or lack of understanding of the Civil Service system arise. There is no reason to believe that the policy is not succeeding but the Government considers a system of monitoring to be essential for such an equal opportunities policy.

Since 1969 it has been part of Government policy to include a standard clause in Government contracts requiring contractors to conform to the provisions of the Race Relations Act 1968. In addition to making a similar requirement in relation to the law the Government intends to make it a standard condition in future that contracts will provide information about contractors' employment policies and practices if asked to do so by the Department of Employment.

Community Relations Field Work

The value which the Government attaches to the work of the 85 local voluntary community relations councils and the community relations officers they employ is referred to in the White Paper. They work more or less independently of the Community Relations Commission but the salaries of the community relations officers are paid by the commission. In addition, the commission offers a service of co-ordination, training, advice and information.

A number of recommendations on whether these responsibilities should be taken over by the new statutory commission responsible for the enforcement of the anti-discrimination law have been put forward. In view of the differences of opinion, full consultations with those concerned are being undertaken and proposals on this issue have not been included in the White Paper.

Standing Advisory Council

The Government proposes to establish a Standing Advisory Council under the chairmanship of the Home Secretary to advise on all aspects of race relations policies. Membership would include ministers of the other Government departments concerned and the chairmen of the Community Relations Commission and the Race Relations Board (and subsequently the chairman of the proposed Race Relations Commission). Local authority associations, the Confederation of British Industry and the Trades Union Congress will be invited to take part, as will members of the minority communities.

Racial Incitement and Public Order

One part of the present legislation for which the Race Relations Board has no responsibilities is that concerning incitement to racial hatred. Section 6 of the Race Relations Act 1965 makes it a criminal offence to use threatening, abusive, or insulting language likely to stir up racial hatred with that intention.

The present law penalises crude verbal attacks only if it is established that they have been made with the deliberate intention of causing groups to be hated because of their racial origins. In the Government's view this is too narrow an approach. It therefore proposes to ensure in the new legislation that it will not be necessary to prove a subjective intention to stir up racial hatred.

The present law does not, however, penalise the dissemination of ideas based on an assumption of racial superiority or facts which may encourage racial prejudice or discrimination. It is arguable that publications of this kind may well be more effectively defeated by public education and debate than by prosecution. Due regard must also be paid to allowing the free expression of opinion. Therefore the Government has not made proposals in the White Paper for extending the law to deal with the dissemination of racialist propaganda in the absence of a likelihood that it will stir up group hatred. But the Government recognises that strong views are held on this important question and will consider carefully any further representations that may be made to it.

Housing Corporation Report

During the year to 31 March 1975 schemes to provide over 37,000 new or improved homes in Great Britain were approved by the Housing Corporation (set up by the Housing Act 1964, with Government funds, to make loans for housing schemes put forward by non-profit-making housing societies). This was more than double the number approved in the previous year (16,395), and nearly 40 per cent of the total approved since 1964. Announcing these figures in its annual report,[1] published in October, the corporation noted that the year reviewed was one of 'radical change and rapid expansion', in consequence of the new and wider role given to the corporation by the Housing Act of 1974 (see p 183, 1974) in promoting and assisting all types of housing associations. In fulfilling its new role, the corporation had become deeply involved in identifying areas of housing need and ways in which differing types of need could best be met. Its aim was to work in close co-operation with local authorities and associations 'while seeking to preserve the advantages of flexibility and diversity which the voluntary housing movement enjoys' – for example, in catering for those who might not qualify on residential grounds for municipal housing.

The report draws attention to the change in emphasis in the corporation's new lending in the year reviewed. Loans for co-ownership homes, which four years earlier accounted for all lending, had declined to less than 1·5 per cent of the total, and lending had been concentrated on schemes to let at subsidised rents, both by new building and, increasingly, by the acquisition and improvement or conversion of older houses. Major projects of rehabilitation were being supported or initiated in some of the main housing stress areas, including Cardiff, Glasgow, Merseyside, Manchester and London, while the corporation had discussed with several local authorities how housing associations could help in 'housing action areas' (see p 183, 1974).

In accordance with a provision of the 1974 Housing Act, the corporation opened, in March 1975, a register of housing associations. By the end of that month, 2,900 associations had stated their intention to apply, and 1,423 had made formal application to register. Only associations registered with the corporation will be eligible, in the future, to receive public money, whether from the corporation, central Government or local authorities.

[1] Eleventh Report of the Housing Corporation. Obtainable from the Housing Corporation, Sloane Square House, London SW1 8NT. £1. ISBN 0 901454 21 4.

DOCUMENTATION

(Documentation excludes publications referred to in Survey articles)

Government and Administration

List of United Kingdom Ministers. COI, SN5657/75/3.

Referendum on United Kingdom Membership of the European Community: Accounts of Campaigning Organisations. The accounts cover the income and expenditure of the two main campaigning organisations, 'Britain in Europe' and the 'National Referendum Campaign'. For details of the referendum, see pp 180-1 and 227. Cmnd 6251. HMSO, 35p. ISBN 0 10 162510 3

The Crossman Diaries. The Lord Chief Justice has refused to grant the Attorney General injunctions to restrain publication of the first volume of the late Richard Crossman's *Diaries of a Cabinet Minister,* a commentary on Cabinet discussions and political events between 1964 and 1966. *The Times,* law report, 2.10.75.

Civil Judicial Statistics (*Scotland*). Cmnd 6199. HMSO, 67p. ISBN 0 10 161990 1.

External Affairs and Defence

ACP-EEC Convention of Lomé and Agreement on Products within the Province of the European Coal and Steel Community (Lomé 1975). Cmnd 6220. HMSO, £2. ISBN 0 10 162200 7. (See pp 51-3.)

The Commonwealth Today. A brief introduction to the Commonwealth of Nations. Commonwealth Secretariat, Marlborough House, Pall Mall, London SW1Y 5HX.

Selected Documents on Germany and the Question of Berlin 1961-1973. September 1975. Cmnd 6201. HMSO, £3·10. ISBN 0 10 162010 1.

Consular Convention between the United Kingdom of Great Britain and Northern Ireland and the Czechoslovak Socialist Republic (1975). Cmnd 6096. HMSO, 32p. ISBN 0 10 160960 4.

Economic and Scientific Affairs

Activities of OECD in 1974. Report by the Secretary-General, Organisation for Economic Co-operation and Development. Available through HMSO, £1·80. ISBN 92 64 11376 2.

The British System of Taxation. COI, R5271/75.

The Insurance Industry in Britain. COI, R5787/75.

Hours of Employment of Women and Young Persons. Health and Safety at Work Booklet 23. Health and Safety Executive. HMSO, 25p. ISBN 0 11 360845 4.

Deep-Sea Divers Research. A research project to improve the non-medical criteria used in the initial selection of trainee divers has been commissioned by the Training Services Agency (TSA, see p 226, 1974). The two-year project, under the direction of Professor N. P. Moray at the University of Stirling, will be conducted jointly with the Medical Research Council Applied Psychology Unit, Cambridge. TSA press notice, 10.7.75.

Underwater Training. The Training Services Agency (TSA, see p 226, 1974), with the approval of the Manpower Services Commission, has introduced a national system of certification for trainee divers which involves the inspection of organisations wishing to provide training to the agreed standards. The arrangements will cover both basic and mixed gas diving training (see also p 82). TSA press notice, 12.9.75.

International Labour Conference. Proposed action by the Government on two conventions and two recommendations adopted at the 59th (1974) session of the International Labour Conference. The conventions and recommendations deal with the prevention and control of occupational cancer hazards and with paid educational leave. Cmnd 6236. HMSO, 32p. ISBN 0 10 162360 7.

The Coal Mines (*Respirable Dust*) *Regulations 1975.* The regulations, which came into force on 30 September, lay down measures aimed at the suppression and control of dust causing pneumoconiosis and are the first of their kind in Britain. Pneumoconiosis, a lung disease, has long been one of the main causes of ill health among miners. HMSO, 20p. ISBN 0 11 051433 5.

Safety in Mines Research Establishment. 53rd Annual Report 1974. Health and Safety Executive. HMSO, £1·25. ISBN 0 11 880465 0.

Review Body on Doctors' and Dentists' Remuneration. Supplement to Fifth Report 1975. The supplement recommends a new contract of employment

for junior hospital doctors and dentists which it is hoped will lead to a reduction in the excessive hours of duty; it also contains the results of a survey of their hours of duty. Cmnd 6243. HMSO, 56p. ISBN 0 10 162430 1.

Price Commission. Report No 7. Prices and Margins in Meat Distribution. The report concludes that the meat trade operates in a competitive environment and that profits and prices are not unreasonable; in particular, total net profits at all stages from the farm gate to the shop counter represent a small proportion of total price. HMSO, £1. ISBN 0 11 700 290 9.

Administrative guidance on the Electrical Equipment (Safety) Regulations 1975. The guidance was issued following publication of the regulations (HMSO, 18p. ISBN 0 11 051366 5) on 21 August under the Consumer Protection Act 1961. This first edition, which will be extended from time to time, lists the relevant British Standards (which represent desirable criteria relating to various aspects of a product and provide the basis for control of quality and fitness of purpose and performance) and also lists, for the information of enforcement authorities and other interested bodies, the approval or certification bodies notified to the European Commission by member states and the testing bodies authorised for the purpose of the regulations (see p 360). HMSO, £1·10. ISBN 0 11 511650 8.

Structure of Company Financing. Article by a Department of Industry statistician, written with assistance from the Government Statistical Service, which discusses the presentation of the sources and uses of funds of industrial and commercial companies in the aggregate and the major problems involved, together with an outline of the available statistical information on sources and uses of funds. The article also describes the changes over the last decade in the main sources of finance and in the main use of funds to purchase fixed assets, stocks, additions to working capital and other forms of investment. *Economic Trends, No 262,* September 1975.

Engineering Employers' Federation annual survey – Engineering, the Continued Uncertainty. The report reveals a marked reduction in the amount of work expected to be done in 1975-76 compared with a year ago, mainly as a result of reduced investment by the rest of industry. The prospect for exports is better and the report points out that overseas business in engineering is of particular importance to the economy, since the engineering industry is responsible for a large part of all British exports of manufactured products (44 per cent in 1974). Engineering Employers' Federation, Broadway House, Tothill Street, London SW1.

Concorde. Concorde 204, the fourth production aircraft, completed its British programme of two months of endurance flying on 13 September. In his message of congratulation the Minister of State at the Department of Industry, Lord Beswick, said that in carrying out the programme *Concorde* had broken a number of records: it made the fastest civil aircraft flight between Singapore and Melbourne almost halving the best subsonic flight time; it made the fastest crossing by a civil aircraft over the Atlantic; and on several occasions it made aviation history by carrying out two round transatlantic trips in a single day. *Trade and Industry,* 19.9.75. The first commercial Type Approval Certificate in the world for supersonic operation has been awarded to *Concorde's* engines – Rolls-Royce/SNECMA *Olympus 593* turbojets. The award of Certification is issued by British and French Airworthiness Authorities. Civil Aviation Authority press notice. CAA, Aviation House, 129 Kingsway, London WC2. *Concorde* is to enter service simultaneously in Britain and France on 21 January 1976. Department of Industry press notice 255, 3.10.75.

Iron and Steel. COI, FSI/20.

Report of the Chief Registrar of Friendly Societies for the Year 1974. Part 3. Industrial and Provident Societies. The report deals with the activities of industrial and provident societies and the work of the registry in relation to these societies during 1974. HMSO, 60p. ISBN 0 11 600108 9.

Annual Digest of Port Statistics 1974, Volume 1. National Ports Council, Commonwealth House, 1-19 New Oxford Street, London WC1A 1DZ. £10. ISBN 0 901058 77 7.

Intelsat IV-A Launched. The world's largest communications satellite – *Intelsat IV-A* – was launched from Cape Canaveral, Florida, on 25 September. The satellite, provided by INTELSAT, the International Telecommunications Satellite Organisation with a membership of 91 nations and of which Britain is the second largest shareholder after the United States, is the first of six new high capacity satellites to be launched over the coming years. It can carry over 6,000 telephone calls. Six sets of sub-systems were supplied by British Aircraft Corporation under contract to Hughes Aircraft Co. Post Office press notice, PB 158, 26.9.75.

Government research and development. A guide to sources of information, 1975. This publication – the second of its kind – covers information issued since 1 January 1974 about Government-funded research and development. Cabinet Office. HMSO, 52p. ISBN 0 11 630144 9.

Scientific Research in British Universities. Second report from the Select Committee on Science and Technology. Session 1974-75. House of Commons Paper 504. HMSO, 65p. ISBN 0 10 025045 9.

Science Research Council. Annual report 1974-75. HMSO, £1·60. ISBN 0 10 026115 9.

Social Science Research Council. Annual report 1974-75. HMSO, £1. ISBN 0 10 025315 6.

Memorandum of Understanding between the European Atomic Energy Community (EURATOM), the Kingdom of Belgium, the Federal Republic of Germany, Ireland, the Italian Republic, the Grand Duchy of Luxembourg, the Kingdom of the Netherlands and the United States of America in the Field

of Nuclear Science and Technology Information (1975). Cmnd 6159. HMSO, 18p. ISBN 0 10 161590 6.

The Production of School Science Equipment. A review – the first of its kind – of developments in the production of equipment for teaching science, especially apparatus and materials that can be produced at modest cost in developing countries. Copies available from Commonwealth Secretariat Publications, Marlborough House, Pall Mall, London SW1Y 5HX. £1·25.

National Water Conference, Bournemouth 1975. Proceedings report. At the first national conference of the reorganised water industry, topics discussed included pollution problems, duties of water authorities, requirements of the public in regard to quantity and quality of water, facilities for water-based recreation, scope of management techniques, the place of land drainage and fisheries, and the need for training within the water industry. National Water Council, 1 Queen Anne's Gate, London SW1H 9BT.

Weights and Measures – second report under the Weights and Measures Act 1963 by the Secretary of State for Prices and Consumer Protection and the Secretary of State for Industry. The report covers a period in which there were major changes which affected the administration of the Act. These changes were the introduction of metrication for an important range of foods; the introduction of decimal currency; Britain's membership of the European Economic Community; changes in the structure of local government which affected the pattern of enforcement at the local level; the increasing emphasis on consumer protection; and the transfer of functions under the Weights and Measures Act to the Secretary of State for Trade and Industry in 1970 and subsequently to the Department of Prices and Consumer Protection in 1974. House of Commons Paper 619. HMSO, 50p. ISBN 0 10 026195 7.

Weights and Measures (Marking of Goods and Abbreviations of Units) Regulations. SI 1975. No 1319 – Code of Practice. Work has been completed on a new code of practice to ensure a consistent approach by manufacturers when converting indications of quantity either from imperial to metric units or vice versa after the dual marking of prepackaged goods becomes compulsory on 1 January 1978. The code covers rounding of indications of quantity and the use of decimal fractions in conversions. Standard Weights and Measures Division 2, Abell House, John Islip Street, London SW1.

Pollution: An Assessment of the Risks and Action to deal with Incidents. Published by the Scottish Office at the request of the Oil Development Council for Scotland.

An Account of the British Aid Programme. Text of United Kingdom Memorandum to the Development Assistance Committee of the Organisation for Economic Co-operation and Development. Cmnd 6223. HMSO, 50p. ISBN 0 10 162230 9.

Social and Cultural Affairs

Census 1971: Wales/Cymru. Summary Tables/ Tablau Crynodeb. Contains a range of Census statistics for Wales, with descriptive material and notes, in both the Welsh and English languages. HMSO, £4·90. ISBN 0 11 690520 4.

Population Trends No 1. The first issue of a quarterly journal produced by the Office of Population Censuses and Surveys, replacing the Registrar General's Quarterly Return for England and Wales. It contains certain regular series of tables on subjects for which the OPCS is responsible, and includes articles on population and medical topics. HMSO, £2. (Annual subscription £8·44 including postage.) ISBN 0 11 724250 0.

Charity Commissioners and their Accountability. Tenth Report from the Expenditure Committee, Vol I, Report. HMSO, 60p. ISBN 0 10 029725 0. Vol II, Minutes of Evidence and Appendices. HMSO, £6·10. ISBN 0 10 029875 3.

Report of the Committee on Mentally Abnormal Offenders. Proposes major changes in the treatment of mentally disordered people who come into contact with the criminal law. The committee published an interim report in 1974 (see p 332, 1974). Cmnd 6244. HMSO, £3·95. ISBN 0 10 162440 9.

Report from the Select Committee on Violence in Marriage. Considers the extent, nature and causes of the problems of families where there is violence between the partners or where children suffer non-accidental injury; and makes recommendations. HMSO, 65p. ISBN 0 10 029735 8.

Care of Disabled People. COI, FSB/C13.

Examinations at 16 plus: proposals for the future. A report to the Schools Council by its Joint Examinations Subcommittee. The report, which is being circulated to interested bodies and individuals, recommends that a decision be taken to establish a common system of examining at 16+, replacing the General Certificate of Education Ordinary level and Certificate of Secondary Education examinations. Evans/Methuen Educational, £2·25. ISBN 0 423 47130 9.

Council for National Academic Awards. Annual Report 1973-74. Free on demand from CNAA, 344-354 Gray's Inn Road, London WC1X 8BP.

The Children and Young Persons Act 1969. Eleventh Report from the Expenditure Committee, Vol I, Report. HMSO, 75p. ISBN 0 10 029665 3. Vol II, Minutes of Evidence and Appendices. HMSO, £7·70. ISBN 0 10 029675 0.

Racial Minorities and Public Housing by David Smith and Anne Whalley for Political and Economic Planning. From Research Publications Services Ltd,

Victoria Hall, Fingal Street, London SE10, £3. ISBN 0 853 74142 5.

Community Land Bill. Scope of Acquisition Powers and Duties. Policy statement issued by the Department of the Environment outlining proposed amendments to the Community Land Bill (see pp 181-3 and p 248) which would define more closely the scope of acquisition powers and duties of local authorities. The amendments include provision for a new schedule of 'exempt development' related to categories of development permanently outside the acquisition powers of local authorities; and regulations listing categories of 'excepted development' which would be within the powers, but permanently outside the duty, of local authorities to acquire. The term 'relevant development' would, in future, refer to all development except that set out in the new schedule and regulations and would, in effect, define the maximum extent of the normal operation of the land scheme. Obtainable from Department of the Environment, 2 Marsham Street, London SW1P 3EB.

Bracknell and its Migrants: twenty-one years of new town growth by Audrey A. Ogilvy. Building Research Establishment report. HMSO, £5. ISBN 0 11 670535 3.

Royal Commission on the Press. The Government has asked the Royal Commission (set up in May 1974, see p 153, 1974) to arrange within its membership for a small group to consult with both sides of the national newspaper industry to discuss its problems and to make recommendations by early 1976. Department of Trade press notice, 19.9.75.

Independent Broadcasting Authority. Annual report and accounts 1974-75. Published by the Independent Broadcasting Authority and obtainable from HMSO, £1. ISBN 0 900485 18 3.

The Press and the People. Annual report of the Press Council for 1974. The Press Council, New Mercury House, 81 Farringdon Street, London EC4A 5BL. 50p.

Broadcasting in Britain. COI, R5531.

Financial Assistance to the Arts. A thorough assessment of the financial poblems facing the Arts is to be undertaken by Mr Harold Lever, Chancellor of the Duchy of Lancaster. He will consider, among possible solutions, the possibility of raising funds for the Arts from sources outside central and local government. Mr Lever, who is adviser to the Prime Minister on economic and financial matters, will undertake this assignment in consultation with the Minister for the Arts. Prime Minister's Office press notice, 22.9.75.

National Film Finance Corporation. Annual Report 1974-75. Records the work of the corporation which lends money for feature film production through a consortium formed with private interests in 1972. HMSO, 26p. ISBN 0 10 162350 X.

National Railway Museum, York. The new museum was officially opened on 27 September 1975 by the Duke of Edinburgh. It incorporates the British Rail collection transferred from Clapham in London, and includes two turntables with 24 locomotives, 20 carriages and other rolling stock radiating from them. Responsibility for its administration will be that of the Science Museum on behalf of the Department of Education and Science. Guide obtainable from the museum, 30p.

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Printed in England for
HER MAJESTY'S STATIONERY OFFICE
by Richard Madley Ltd, London N19 4AG

G2319 Dd.110875 6,150 OCTOBER/75 1976